

sibility of postponing the general election there until the question of the franchise had been settled:—

"We have received this morning from the Secretary of State for India a telegram informing us that the Secretary of State for the Colonies has authorised the Governor of Kenya to make an announcement in the following terms:—

'The unavoidable delay in settling outstanding questions including that of Indian representation has made it necessary for the Secretary of State to choose between a postponement of the general election and dissolution of the new council after its election. In adopting the former course the Secretary of State has been influenced by the fact that from the date of his predecessor's original attempt to secure a statement by agreement it has been intended that the new constitution should be brought into force on the occasion of the general election now due.'

Similarly, it was by means of a series of questions that the Legislative Assembly expressed its disapproval of the recruitment to the Indian Medical Service. Recruitment on special terms by the Secretary of State of 30 officers to the Indian Medical Service. It was again in reply to a question by Mr. Lalubhai Samaldas in the Council of State on the 24th January 1923 that His Excellency the Commander-in-chief made the following statement with regard to the administration and equipment of the Royal Air Force in India:—

"The Government of India have seen the newspaper article in question, and the allegations contained therein have been carefully investigated, with the following results:—

- (1) During the year 1921-22, there was a very considerable shortage in the spare parts and equipment required for maintenance by the Royal Air Force in India. For a time the deficiencies were met by the consumption of reserves but in the course of the year certain categories of the reserves were themselves exhausted. The effect was to diminish the number of machines serviceable for flying. On the other hand, no machine which was known to be in an unserviceable condition was permitted to be flown. When the facts regarding the internal condition of the Royal Air Force came fully to the knowledge of the Government of India, steps were immediately taken to set matters right, and the restoration of efficiency to the Royal Air Force in India has been in progress for some time and will shortly, I hope, be completed. This result has been achieved mainly by the allotment of additional funds for the purchase of equipment and spare parts, and to some extent also by the introduction of improvements in the internal administration of the Stores Branch of the Royal Air Force.
- (2) The criticisms which appeared in the same newspaper article in regard to the tactical disposition of the Royal Air Force formations employed in connection with the occupation of Waziristan are not well founded, and the Government of India are satisfied, with my concurrence, that the arrangements adopted in regard to this matter were necessary.
- (3) The failure of bombs to explode—another matter dealt with in the newspaper article—cannot be entirely prevented; but the officers who from time to time have commanded the forces employed in Waziristan have never reported the bombs used as being inefficient to the extent which might be inferred from the statement communicated to the *Times*."

Reports in the Press alleging the demolition of tombs and mosques, and even of temples, also formed the subject of enquiry by means of questions. After dealing with each specific allegation the Home Member on more than one occasion assured the House that he was fully satisfied

INDIA'S PARLIAMENT

Volume V

Selections from the Proceedings of the Fifth Session of the
Legislative Assembly and the Council of State.

Prepared by the
Director, Central Bureau of Information, Government
of India



CALCUTTA
SUPERINTENDENT GOVERNMENT PRINTING, INDIA
1923

INTRODUCTION.

on the sure and solid foundation of its achievements. Mr. Darcy Lindsay considered the salt tax a messenger of hope to the provinces whose contribution would soon be wiped off. After two hours' debate the motion was put and the Assembly rejected it by 58 votes against 47. The salt tax at Rs. 2-8-0, as originally proposed, has since been restored under the certifying powers of His Excellency the Governor General.

Legislation.

Appendices I and II give a list of the legislative business transacted during the Delhi Session, but some of the measures passed were far too important to be left out of the body of this narrative. No apology is therefore needed for a brief survey of their provisions even if it further adds to the length of this publication.

The measure which occupied the greatest length of time any Bill has taken in this or in any previous legislative session was the Code of Criminal Procedure (Amendment) Bill. The Bill has had an interesting history. On the 21st March 1914 a Bill embodying such modification in the Code of Criminal Procedure as experience had shown to be desirable was introduced in the Imperial Legislative Council and was thereafter referred to Local Governments and Administrations. The opinions received were referred to a Committee consisting of Sir George Lowndes, the Honourable Mr. Justice Piggot, the Honourable Mr. Justice Kumaraswamy Sastri, Lord Sinha and Mr. Walker. The Bill of 1914 was re-drafted by this Committee and with a few further modifications made as the result of further experience was introduced in the Council of State in February 1921; it contained 159 clauses affecting parts of most Chapters of the Code. It was referred to a Joint Committee of the two Houses which met at Simla in June, 1922 and made considerable modifications. The Bill as amended by the Joint Committee was passed without any further change by the Council of State in September 1922 and was taken into consideration by the Legislative Assembly in January 1923. A large number of amendments were made by the Assembly. In the Council of State, to which the amendments had to be referred under the rules of procedure, alternatives to three of the amendments were proposed by Government and adopted and a further amendment was adopted which had been proposed by Mr. Lalubhai Samaldas. Apart from these four, all the amendments made by the Assembly were accepted by the Council of State and the Bill was referred back to the Assembly for the acceptance of those four amendments. Finally, these amendments were accepted by the Assembly and the Bill thus succeeded in passing both the Chambers. In a publication of this character it is not possible to deal with the numerous points in which the Code of Criminal Procedure has been amended by the Bill; their special interest lies chiefly to the lawyer. But it may be mentioned that the Government were able to accept the decisions of the Assembly except for the few clauses referred to. As regards individual clauses discussion turned mostly upon section 162 of the Code which deals with the use of statements recorded by a poli-

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India's Parliament at Delhi.

The Legislative Session in Delhi commenced with the opening of the

Foreword.

Assembly on the 15th January 1923. In the absence of Sir Frederick Whyte owing to ill health Sir Jamsetjee Jeejeebhoy presided. Several members expressed regret at the President's illness and speeches were made welcoming the new Finance Member, Sir Basil Blackett. The attendance was not large. One particularly missed Sir William Vincent and Sir Tej Bahadur Sapru who had resigned since the last session. The Council of State held its first meeting on the 24th January 1923, and here again one noticed a good many absentees. Regret was expressed at the death of Maung Po Bye. The friendly atmosphere which had pervaded the two Houses of Indian Legislature in spite of differences of opinion, sometimes very acute, continued in the new session. The members appeared to be fully prepared for a long and arduous session, and indeed this will perhaps remain the most important in the history of the present Legislature. Compressed in the following pages will be found the results of legislation of great importance, decisions of great moment on questions of policy and a series of other notable achievements.

Unlike the previous sessions, there were not many occasions on which either House was asked to adjourn in order to consider matters of urgent public importance.

Current Topics.

The only occasion arose in connection with the appointment of the Royal Commission when a motion for adjournment was brought forward by Mr. Seshagiri Aiyar on the 26th January 1923, but perhaps it will be more convenient to deal with it along with other matters relating to services which formed the subject of resolutions. Advantage was, however, taken to elicit important information by means of questions and supplementary questions in reply to which some important announcements were made. On the 23rd January the position of Indians in Kenya was raised by Mr. Seshagiri Aiyar and a series of supplementary questions were put. Mr. Hullah on behalf of the Government promised to consider immediately the desirability of making a communication to the Secretary of State in view of the information which had, though unofficially, come to their notice in regard to the threat held out by the European community in Kenya that if the claim of the Indians to the franchise was accepted they would resort to violence. Mr. Hullah further observed that the Government would certainly take steps if they had any reason to believe that there was a serious danger of violence and Mr. Sarma informed the House that he proposed to communicate to the Secretary of State the feeling of the House and the feeling of the Indian community and to see that all that could be done was done. Subsequently, on the 30th January Mr. Hullah made the following announcement regarding the political situation in Kenya and the pos-

Indians in Kenya.

from his personal knowledge of the facts that the Chief Commissioner was showing scrupulous care to see that nothing was done to injure any building which could be recognised as religious and that he was fully alive to the necessity of taking local opinion with him in regard to the treatment of such buildings. He was confident that the local authority was doing its best to prevent any kind of incident likely to cause offence to genuine religious feeling regarding buildings in the New Delhi Area. The significance of the questions and answers lies not only in the importance of the information elicited but in the lively character which is thereby imparted to the proceedings. In this respect, as in many others, the Legislative Assembly is not unsuccessfully emulating the House of Commons where the period devoted to questions and answers is perhaps of the greatest interest to the general visitor. A perfectly faithful impression of this development in the Assembly can only be had by a personal visit to the galleries and a description in cold print is hardly a suitable medium for doing full justice to it.

Resolutions.

Before passing on to controversial questions it will be appropriate here to record that on the 10th February the Message to the King. Assembly instructed the President to convey an expression of its profound pleasure and thankfulness at the birth of a son to Princess Mary and that a dutiful and loyal message be conveyed to His Majesty the King Emperor of the pleasure of the Legislative Assembly at the event. A very wide field was covered by the resolutions in both Houses and several resolutions of political importance were discussed. Rao Bahadur T. Rangachariar moved on the 22nd February that—

“This Assembly recommends to the Governor General in Council that he will be pleased to convey to the Right Honourable the Lord Peel's Despatch. Secretary of State the Assembly's feeling of extreme dissatisfaction at his despatch dated the 2nd November 1922 regarding the Assembly's Resolution dated the 22nd September 1921.”

A number of non-official members including Munshi Iswar Saran, Sir Devaprasad Sarvadhikary, Dr. Gour and Dr. Nand Lal in supporting Mr. Rangachariar urged that the constitution required change and protested against the advice the Secretary of State had given in the despatch to expand the constitution while he himself, they alleged, was not only not moving in that direction but was actually tightening his control over the Government of India. Mr. Moir and Mr. Allen defended the despatch. Sir Campbell Rhodes moved an adjournment of the debate as it was 6 p.m. Sir Malcolm Hailey had no objection to the adjournment of the debate though he would have preferred to detain the House in order to explain his own points of view. “If it is adjourned,” said Sir Malcolm, “I must remark that it has been adjourned without my replying on the subject. I wish to keep my right of reply if it comes up again.” The debate was adjourned *sine die*.

The anxiety of the Legislature to extend its powers continued and on the 21st February Mr. Sethna moved in the Council of State that steps be taken to modify Rules 23 (1) of the Rules of Business for the Modification of Rules of Business.

Council of State and the Legislative Assembly and the corresponding Question Rule so as to permit the Indian Legislature to take cognisance by resolutions and questions on matters, as for example the Princes Protection Bill, on which the Government of India had already undertaken legislation. He contended that the right of interpellation should be co-extensive with that of legislation. By passing the Princes Protection Bill the Council had taken cognisance on matters affecting the relations between the Government of India and the Indian Princes, and yet, Mr. Sethna complained, under the existing rules members were prevented from moving resolutions or putting questions on such matters. Sir Muhammad Shafi who spoke on behalf of the Government pointed out that the relations of the Government with Indian States were governed not by legislation but by treaties and declared that it was inconceivable that any legislation would ever be introduced by the Government of India into the Indian Legislature on matters affecting the relations of His Majesty's Government, the Governor General, or the Governor General in Council with a Foreign State; he therefore failed to see any occasion for the proposed modification of the rule. Mr. Thompson pointed out that the Act referred to not having so far come into force the House did not know exactly where the shoe pinched or where it was going to pinch. He assured the House that the Government did not wish to close the door, and he asked the members to realise that in touching on these particular constitutional reservations they were getting on to rather dangerous ground and the Government wanted to see clearly before them before they moved forward. Sir Muhammad Shafi in his final reply on behalf of the Government admitted that there was nothing unreasonable, from a general point of view, in the recommendation embodied in the resolution, but, he repeated that no occasion whatever had arisen for a modification of the rule. He, however, added that at the proper moment the Government would be prepared to give their most careful consideration to the desirability of modifying the rule on the lines suggested. The motion was withdrawn.

Two important questions connected with elections to the Indian Legislature were raised by Mr. Raza Ali in the Council of State. On the 12th March he moved a resolution recommending "that early steps be taken to amend the electoral rules so as to enable a member of this Council to seek election to other legislative bodies constituted under the Government of India Act, 1919." Mr. Crerar, in his reply, analysing the resolution, said that it raised three cases of importance, (1) the candidature of a member of either chamber of the Indian Legislature for the other chamber, (2) the candidature of a member of a local Council for either chamber of the Indian Legislature, and (3) the candidature of a member of either chamber of the Indian Legislature for a local Council. With regard to (1) and (2) Mr. Crerar observed that the Government were disposed favourably to consider an amendment of the rules. As regards (3) the Secretary in the Home Department pointed out the difficulties and opposed the proposed amendment. He urged the Council not to commit itself to a proposition which could only arise in very exceptional circumstances, but which would nevertheless have the consequence of effecting a very great measure of derogation in the status and dignity of the House. The resolution was, by

Modification of Electoral Rules.

leave, withdrawn. On the 14th March Mr. Raza Ali moved for an amendment of the electoral rules so as to make a person convicted of a political offence involving a sentence of imprisonment for more than six months, eligible for election to any legislative body constituted under the Government of India Act. He urged that the Indian law in this respect should, as far as possible, be brought into conformity with the English law and that it was not fair that persons who had been sentenced for any period exceeding six months should have to wait for five years after their release in order to become eligible for election, when in England their eligibility commenced from the moment of their release. The change in the political atmosphere in India, Mr. Raza Ali thought, had rendered a change in the rules all the more expedient. Sir Maneckjee Dadabhoy, Lieutenant Rai Bahadur Chaudhri Lal Chand, and Nawab Muhamad Muzammil-ullah Khan opposed the resolution; Sir Zulfiqar Ali Khan supported it; the Raja of Dighapatia urged that all restrictions in the matter of election should be done away with so that men of all shades of opinion might be able to come into the Councils; and Mr. Kale regretted that the resolution was not more comprehensive. Mr. Crerar in opposing the resolution on behalf of the Government questioned the mover's authority to plead on behalf of the party principally concerned, pointed out the difficulties in the practical application of the proposal such as the interpretation of expressions like "political offence," "political offender," "offence of a political nature," "moral turpitude" and the distinctions between the conditions in which English electoral law operates and those in which the Indian electoral law operates. While deploring with the mover the loss to the constitutional life and the political progress of India of very great talents under the existing electoral rules, the Secretary in the Home Department doubted the wisdom of a change intended to benefit people among whom one school treated with the utmost contempt all forms of legislature at present constituted and the other was willing to enter the legislatures, but for the sole purpose of paralysing them. In his final reply, when winding up the debate, Mr. Crerar informed the House that the question of making more elastic the rules relating to the removal of disqualifications arising out of criminal convictions on a comprehensive basis without any reference to particular categories of offences was already engaging the serious attention of the Government of India; but with regard to the resolution itself he concluded by asking. "Should we be acting wisely, should we be consulting the interests of the State and our own dignity if, in this gratuitous manner we impose on unwilling persons a privilege which they do not desire and which indeed they emphatically repudiate?"

Brief mention might also be made of the jealousy with which the Assembly regards such conventions as it thinks have grown up within the short period of its existence. On the 13th March in the course of the discussion on demands for grants Mr. Joshi moved for a cut of one rupee from the provision for annuities and sinking funds under Railways. Sir Basil Blackett raised a point of order as the item under Voted and Non-voted items. discussion was a non-voted one. The President

held that the reduction could not be moved. Dissatisfaction was felt by several members at the ruling and it was feared that the convention which had grown up during the two previous discussions on the budget of raising points of importance under non-voted heads by moving nominal reductions on voted heads was being destroyed. So far, however, as the matter referred to the extent to which on a proposal for a nominal cut on votable expenditure questions might be raised and discussion might range over questions relating to non-votable expenditure, it was happily set at rest on the 14th by a statement by Sir Malcolm Hailey in the course of which he observed:—

“ but may I suggest, in view of the terms in which the Governor General's Order regarding discussion of non-voted items is couched; in view also of our previous procedure, that without in any way altering your previous decision, and without prejudice to any final decision that you may come to on the subject, it would be possible for you, during the next few days to allow the House as an interim arrangement purely and without prejudice to the future, to discuss on nominal cuts relating to votable expenditure general questions relating to non-voted expenditure.”

The suggestion was agreed to and the procedure suggested by the Home Member was followed during the remainder of the discussion on demands for grants. But large cuts were nevertheless moved including one for Rs. 1,14,00,000 under Railways, from an entry of Rs. 1,21,00,000 proposed by Mr. Rangachariar, who contended that “by providing for interest for one year” this amount would be reduced to Rs. 1,14,00,000 and the Government would “find a method of recouping the expenditure.” “It is only a pen transfer,” said Mr. Rangachariar, “which can be done in a second and without any effort they can find this money.” In opposing this cut Sir Basil Blackett declared that this was an attempt to fake a balance which would do much more damage to India's credit than a deficit—it was nothing short of an invitation to Government to misappropriate. The cut was carried by 67 votes against 37. It was subsequently restored by the Governor General in Council on the specific ground that it could not be made consistently with the discharge of his responsibilities. Other large cuts made by the Assembly were 4 lakhs under customs, 50 lakhs under Railways, 5,10,000 under general administration and 3 lakhs under miscellaneous. Of these only the last item representing the cost of the Public Services Commission was restored. But the Finance Member said that he must include in the Budget figures of estimated expenditure a special provision of 9 lakhs representing probable supplementary estimates in view of the fact that the Government felt unable to promise that they could actually effect the cuts made by the Assembly under the other heads mentioned. Another grievance relating to what the Assembly regarded as a convention arose on the 19th March when on a point of order raised

by Sir Campbell Rhodes the President ruled that proposals for taxation even when brought up in the form of amendments to the Finance Bill were not excluded from discussion but that they could not be made effective in the measure except on the motion of a member of the Governor General's Council. “It is not that the proposals are excluded from discussion,” said the President, “but that they cannot be moved on a motion of a non-official member. That is in strict accord with parliamentary practice in the House of Commons where a motion to propose an increase of tax must be made by a Minister of the Crown.”

A constitutional issue was sought to be imported by Dr. Gour and some of his friends into the discussion which took place in the Legislative Assembly on amendments made by the Council of State in the Bill to give effect to certain articles of the International Convention for the suppression of the traffic in women and children. When this

Traffic in women and children. measure originally came up before the Assembly, an amendment was carried which raised the age from 16 to 18. A commencement clause was

added in the Council of State in order to give the Government an opportunity of discussing with Local Governments and ascertaining public opinion as to whether any other changes were advisable in the cognate sections of the Indian Penal Code in view of the change made by the Assembly in sections 362 and 366. Dr. Gour contended that in introducing the commencement clause the Government were going behind the decision of the House and adding yet another tribunal in the shape of Local Governments and public opinion in order to defeat the wishes of the Assembly. This argument, however, did not find favour with the majority of the members and the Government's proposal was carried.

The jealousy of the Legislature to preserve its rights and privileges under the constitution, it is important to note, is fully equal to its anxiety to shoulder its responsibilities and to secure opportunities for service to Indians. This attitude came into prominence on several occasions when questions relating to the army and the services were raised. On the 16th February Mr. Phiroze Setlwa moved in the Council of State that "the system of compulsory national military training and service be introduced in any form suited to the condition of the country and that a committee with a non-official majority be

Compulsory National Military Training. appointed to report as to the manner in which this object may be attained." The mover emphasised the necessity of preparing Indians

fully and quickly to assume the responsibilities of national defence and pointed out that such preparation was essential to the establishment of responsible government. He was ably supported by Mr. Khaparde, Lala Ram Saran Das, Raja Sir Rampal Singh, Mr. Purshotamdas Thakurdas, and Sir Dinshaw Wacha. It was urged that martial spirit was not the monopoly of any one class or community and that it must be revived among Indians so that the British Commonwealth might be able to draw upon India's vast military resources in an Imperial peril. His Excellency the Commander-in-Chief, while sympathising with the ideas expressed, asked the Council to consider the practical problem embodied in the resolution, and observed that the adoption in India of a system of compulsory military training and service was both impractical and unnecessary. His Excellency further argued that the proposal was not consistent with India's membership of the League of Nations and the responsibilities and obligations which attached to such membership. Moreover, at the present stage of its history when the world was endeavouring to recover from the results of a devastating war, when the desire of all should be towards the maintenance of general peace, His Excellency enquired if it would be consistent with her international ideals for India to be contemplating a proposal of this nature. Lord Rawlinson opposed the resolution because he felt that it

purely natural causes a compulsory system could not be absolutely universal, because the purely mechanical difficulties of applying a compulsory system to India placed the proposal beyond the range of practical politics and because the expenditure involved would render it grotesque. Colonel Sir Umar Hayat Khan, Lieutenant Rao Bahadur Chaudhri Lal Chand and Major Nawab Mohamed Akbar Khan also opposed the resolution which was lost by four votes.

On the 24th January Mr. Yamin Khan moved
 King's Commission for the following resolution in the Legislative
 Indians. Assembly :—

“This Assembly recommends to His Excellency the Governor General in Council to be pleased to get King's Commissions for Indians by direct recruitment and by promotion from the rank of Viceroy's Commissioned Officers in such number that all vacancies in the Indian regiments be in future filled by such Indian officers only till all Indian regiments are wholly Indianised.”

His Excellency the Commander-in-Chief speaking on behalf of the Government recognised the force of the demand for Indianisation which was made not only by the members of the Legislatures, but by an even wider circle of political opinion in India,—a demand in which the Government had been and was taking an equally keen interest, though circumstances had so far not made it possible for him to make a definite announcement. The matter was the subject of correspondence between the Government of India and the Secretary of State, and although at this stage the Government could not accept the resolution, they welcomed it. His Excellency deprecated any violent change and felt that the traditional efficiency of the Indian army must remain unimpaired. Lord Rawlinson eulogised the services British officers had rendered to India and said that he could not view with unmixed feelings the possibility of eliminating the British officer from the Indian army though he readily understood that as the people of India claimed increasing independence they should also claim increasing opportunities to fit themselves for self-defence. After referring to the number of King's Commissions already held by Indians and the definite measures the Government had taken to secure the grant of King's Commissions to individual Indians who were suitable and qualified, including the establishment of the Prince of Wales Royal Indian Military College at Dehra Dun—to the organisation and administration of which he paid a warm tribute, His Excellency remarked that the Government had adopted a markedly progressive and thorough policy for the purpose of securing qualified Indians as officers of the Indian army and that, as far as it was possible, the Indian cadet was being given every opportunity to make himself as efficient an officer as his British confrere. His Excellency concluded by indicating a few of the difficulties surrounding the problem, stating how some of the barriers had already been removed, and how the attitude which the Government had so far adopted, though it had been prudent, had also been reasonably liberal.

“In dealing with the Indianisation of the Army,” said His Excellency, “India must proceed by degrees and by well considered stages if her advance towards the desired independence in other departments of the administration is to progress surely and safely without undue risk or danger to the community at large.”

The debate was not concluded on the 24th and had to be adjourned. When it was resumed on the 17th February His Excellency made the following announcement:—

"Sir, with your permission I desire to make a statement to the House. Speaking in this Assembly on the 24th of January last, I expressed the hope that it would be possible to announce at no very distant date what measures are to be adopted in regard to the Indianisation of the Indian Army. In the short interval that has elapsed the correspondence which I then said was proceeding has been concluded, and I am able to announce to the House the following decision. The Government consider that a start should be made at once so as to give Indians a fair opportunity of proving that units officered by Indians will be efficient in every way. Accordingly it has been decided that eight units of cavalry or infantry be selected to be officered by Indians. This scheme will be put into force immediately. The eight units to be wholly Indianised will be mainly infantry units, but there will be a proportion of cavalry. They will be chosen judiciously so as to include as many representative types as possible of Indian battalions and cavalry regiments of the Indian Army. Indian officers holding commissions in the Indian Army will be gradually transferred to Indianising units so as to fill up the appointments for which they are qualified by their rank and by their length of service, and the process of Indianising these units will then continue uninterruptedly as the officers gain seniority and fitness in other respects, which will qualify them for the senior posts. I have given the House these few details because I think they will be of interest as revealing some of the practical aspects of the change. There is one other point, however, which it is necessary for me to explain. It is that, simultaneously with the Indianisation of these selected eight units, Indians who qualify for the King's Commission will continue as at present to be posted to the other units of the Indian Army. The number of Indian cadets now sent to Sandhurst each year, if all pass out successfully, is more than sufficient to replace the normal wastage in the eight units alone. I draw attention to this matter as it is of significance which the House, I am sure, will not fail to appreciate. Once more, before sitting down, I wish to express my gratification that this great step forward has been made. I hope that the people of India will appreciate the importance of this step and will realise also that it now rests with them to justify the decision of the Government. I hope that no effort will be spared to make the measure which has been approved a solid and a conspicuous success. The responsibility which lies before these young men who will officer the Indianised regiments, is no light one. They will have in their hands not only the lives of their men, but also the task of maintaining untarnished the high and ancient traditions of the regiments to which they are appointed. I can assure them that in the new and in the wider career which will now lie open to them, they will have the active and the generous support of the Government of India and of their British comrades in the Army. Their success or their failure will mean much to India. The initiation of this scheme constitutes an entirely new departure which, though limited in its scope is one which may have far reaching results. I trust that the members of this Legislature and that the people of India as a whole will support the Indian officers of these Indianised regiments with living and with practical encouragement, for by this means only can Indianisation hope to deserve and to command success."

A large number of amendments had been tabled for discussion, but Lord Rawlinson's announcement cut short what might have been a prolonged and animated debate. Several members spoke, and although the announcement was not accepted as completely satisfactory, dissatisfaction being expressed by some members and the scheme being even characterised by some as half-hearted and uncomprehensive inasmuch as it did not contemplate the admission of Indians to all branches of the service, a distinct turn was given to the discussion. All non-official proposals were rejected and the keynote of the discussion was an implied endorsement of the Government's scheme. It was the atmosphere created by the announcement which led Dr. S. to add an expression of his gratitude to his original amendment for the formulation of a scheme for the steady increase of Indian

the commissioned ranks of the army with a view to ensure the officering of all Indian regiments by Indian officers with a minimum of British officers as might at present be necessary to ensure their efficiency. Mr. Burden in opposing the amendment on behalf of Government declared that the essential purpose of the debate initiated by Mr. Yamin Khan having been served and the situation having been altered by the announcement made, the Indianisation of the Indian Army having been asked for and having in some measure been conceded, it seemed to him that the amendment must necessarily fall to the ground. The amendment, when pressed to a division, was lost by 40 votes against 42. Mr. Seshagiri Aiyar's amendment asking for the publication of the correspondence on the subject was rejected and Mr. Yamin Khan's original motion was negatived by 22 votes against 43.

While dealing with the Army, it will be perhaps convenient here

to refer to Sir Dinshaw Wacha's resolution in the Council of State urging the necessity of repealing or substantially modifying the Army Act of 1859 in view of the intolerable burden of expenditure. The resolution was supported by Mr. Thakurdas, Mr. Lalubhai Samaldas, Lala Ram and Sukhbir Sinha. In support of this reform expert opinion was quoted against what was described as an expensive and inequitable scheme which, it was alleged, had caused the present deficit of 30 crores of rupees; and an appeal to the Government to accept the resolution and thereby free themselves from the shackles of the War Office to whose dictation they were bound hand and foot. His Excellency the Governor-General in a spirited reply pointed out that if the Government were to maintain a separate British force of their own in India it would be very much more efficient than the employment, as at present, of British soldiers on the Indian frontiers. He pointed out that the Government of India had hitherto very rightly refused to accept a lower standard of efficiency than that of the British Army. He pointed out that to provide a force separate from the British Army in India, an organisation would have to be set up in the East for recruiting on modern lines and the cost of such an organisation would be prohibitive to the Indian Government. He pointed out that the military aspect of the problem was not the only one. His Excellency pointed out that the arguments which were used in 1859 still applied with great force. He pointed out that the Government of India had at her disposal a portion of the British Regular Army. He pointed out that the Government of India had protested against the charge that the present system of recruiting was one which in practice diminished the control of the Government of India over the application of the Indian Army. He pointed out that the Government of India were compelled to pay British soldier rates which in the last resort were fixed by the British Government. He contended that the payment was made as a concession and not as a surrender to an arbitrary dictation of the British Government as some members seemed to think. The resolution was carried by 16 votes against 12.

The Legislature showed equal determination to provide better opportunities for Indians in the services on the civil side. On the 28th February Mr. Sastri moved the following resolution:—

Indians in the Government of India Secretariat.

“This Council recommends to the Governor General in Council that in order to give Indian members of the Indian Civil Service an insight into the larger problems of Imperial administration and policy, he would be pleased to appoint, so far as possible, at least one such officer as Secretary, Joint Secretary or Deputy Secretary in every Department of the Secretariat of the Government of India.”

In his opening speech Mr. Sastri opined that during the last 20 years only 3 Indians belonging to the Indian Civil Service had come into the Secretariat and 2 of them had been there for very short periods. He referred to the Preamble to the Government of India Act, gave figures showing the number of Indians eligible for such appointments and pleaded for a fulfilment of the undertaking Government had given to prepare Indians as rapidly as possible to sustain their own self-government. Mr. Raza Ali moved an amendment so as to enlarge the scope of the resolution in order to include Indians generally. Mr. Crerar in his reply contended that there was really no divergence in principle between the views expressed by Mr. Sastri and the views entertained and acted upon by the Government of India. In making the appointments to the Departments of the Government of India they must adhere scrupulously and strictly to the principle of selection on the basis of proved merit and ability. In order to make good selections it was necessary to take timely and judicious measures to extend and improve the sources of supply and Mr. Crerar showed how a great deal had been done in this direction. The Government of India, Mr. Crerar asserted, was as alive as any one else to the desirability of Indians participating as fully as possible in the higher branches of the administration, but the expedient which Mr. Sastri had advocated could not be given effect to without a very definite abrogation from the criterion of selection by proved merit and ability which the Government had observed. It was now impossible for any one to say of an Indian officer who had been appointed to any one of these posts that he was appointed otherwise than on the criterion of proved merit and ability, but if the rule suggested was adopted, such criticism would be possible. Moreover, the adoption of such a rule would undoubtedly trench upon the reasonable and proper interests of the European members. The Secretary in the Home Department thereupon proposed the following amendment:—

“This Council recommends to the Governor General in Council that in order to give Indians an insight into the larger problems of Imperial administration and policy, they should be afforded wider opportunities to become qualified for appointment for the posts of Secretary, Joint Secretary or Deputy Secretary in all departments of the Secretariat of the Government of India.”

The resolution received a good deal of support from non-official members including Mr. Kale, Mr. Purshotamdas Thakurdas, Sir Maneckjee Dadabhoy, Mr. Phiroze Sethna, Mr. Lalubhai Samaldas and Sir Dinshaw Wacha. Mr. Thompson in opposing the resolution gave figures to show the number of available Indians eligible for the various appointments mentioned in the resolution and showed that it would be quite impracticable for the Government of India to give effect to Mr. Sastri's motion. Mr. Crerar's amendment was lost by 13 votes against 19, and

Mr. Sastri's resolution, as amended by Mr. Raza Ali, was adopted without a division in the following form:—

"That this Council recommends to the Governor General in Council that, in order to give Indians an insight into the larger problems of Imperial administration and policy, he would be pleased to appoint, so far as possible, at least one Indian as Secretary, Joint Secretary or Deputy Secretary to every Department of the Secretariat of the Government of India."

Earlier on the same day, Rai Bahadur Lala Ram Saran Das had moved a resolution asking that a reasonable proportion be fixed for Indians in the cadre of Traffic Inspectors in the Transportation Branch of each State Railway in India. Mian Sir Muhammad Shafi speaking on behalf of the Government assured the House that the Government of India had every sympathy with the legitimate aspirations of Indians to take their proper place in the public services of the country and proposed an amendment seeking to alter the resolution as follows:—

"That this Council recommends to the Governor General in Council that a larger number of Indians be employed in the cadre of Traffic Inspectors in the Transportation Branch of each State Railway in India than is the case at present."

The amendment was opposed by several non-official members but was carried by 19 votes against 18.

Communal representation received prominent consideration in connection with the services. On the 24th January Lieutenant-Colonel H. A. J. Gidney moved in the Legislative Assembly that the present system of conducting simultaneous examinations for the recruitment to the Indian Civil Service be changed and that a different method of conducting simultaneous examinations so as to give a fair chance to candidates belonging to different communities and different provinces be devised, if necessary, by having a limited form of competition. The resolution was supported by Lala Girdharilal Agarwala, Khan Bahadur Abdur Rahim Khan, Mr. Yamin Khan and Bhai Man Singh. The opponents of the resolution included Mr. Joshi, Munshi Iswar Saran, Dr. Gour, Mr. Jamnadas Dwarkadas, Mr. Shahani and Rao Bahadur T. Rangachariar. But what contributed most to the defeat of the resolution was Sir Malcolm Hailey's lucid exposition of the policy of the Government. After giving the history of the various stages through which the question had passed, Sir Malcolm said that the Government had come to the following decision:—

"The Public Services should be recruited on the principle that they should be filled by the most competent men available. This principle is, however, subject to modification in the interests of the training of Indians in the administration of their own affairs. Full opportunities should be afforded to Indians to qualify themselves for the more important posts in the public services and to demonstrate their fitness for responsible duties. It must, however, be recognised that intellectual qualifications combined with physical capacity should not be the sole test for admission to important posts in the public services. Due regard must also be given to such considerations as character and hereditary connections of candidates both with Government and with the people with whom their work will mostly lie; while in the present conditions of India it is essential that there should not be an undue predominance of any one class or caste. The circumstances of each Service will have to be considered in view of the above principles."

Sir Malcolm Hailey said that the bulk of the candidates were still taken as a result of the competitive examination in London. 67 per cent. of the appointments for Indian recruitment were available for open competition; nomination was provided for in section 97 B of the Government of India Act in order to secure to some extent the representation of the various provinces and communities in India and would be resorted to only when the results of the open competitive examination in India failed to give the representation required. Such nomination was not for the purpose of representing minority communities or backward classes but only to prevent the overweighting of the services with any one particular class or representatives of any particular provinces. Government wanted nothing but the best men, judged by one test only, the test of character, intelligence and efficiency, but the Government had been led into the present system by the history of the past and at the present stage of social development it was not possible to ignore provincial claims or the claims of the major communities. "The position of Government is clear," said the Home Member, "we are proceeding on grounds which obviously lay themselves open to very little criticism; and we ourselves see nothing in the trend of current opinion which indicates the necessity for a change." The motion was pressed to a division and negatived by 48 votes against 27.

Communal representation in selection to appointments under the Government of India was raised by Mr. Muppil Nayar on the 10th March 1923 when he moved the following resolution:—

Communal Representation
in appointments under Gov-
ernment of India.

"This Assembly recommends to the Governor General in Council that the Government of India in making appointments to offices under its direct control shall ordinarily, where the qualifications of candidates are adequate to discharge the duties efficiently by their education, ability and integrity, give preference to those that belong to classes or communities which are not well represented in the service, due regard being had to Provincial considerations."

Several speeches were made in support of the Resolution, the principal speakers on this side being Maulvi Abul Kasem, Sardar Gajjan Singh, Prince Akram Hussain Bahadur, Babu Braja Sundar Das and Rai Bahadur Debi Charan Barua; while the resolution was severely opposed by Munshi Iswar Saran and Dr. Nand Lal. It was contended by the supporters of the resolution that communal representation was a necessary evil and that the Indian nation could not be built up without the grant of a due and fair share in its administration to all component parts and that if efficiency was to be the sole test then India should give up the cry of Indianization and have no objection to those Englishmen and foreigners who were more efficient than Indians. Those who opposed the resolution insisted that efficiency must be the paramount test and that, subject to the requirement of efficiency, a fair share of the offices should go to all communities and provinces. Sir Deva Prasad Sarvadhikary suggested a happy compromise in the following amendment:—

"That this Assembly recommends to the Governor General in Council that in making new recruitment for the services under the control of the Central Government steps should be taken to secure that the services are not unduly overweighted with representatives of any community or province."

Sir Malcolm Hailey reiterated the position he had explained on behalf of the Government in the course of a similar debate on the Indian Civil Service. "I explained then that we could not and did not seek to

represent the claims of each community: nor to protect the interest of minor communities; all we could hope to do was to prevent the preponderance in the Indian Civil Service of the representatives of any one community or any province.....

We feel that we have adequate reasons for maintaining that principle. If our administration is overweighted by any one community then there is an administrative loss." Sir Malcolm then discussed the impracticability of the resolution and contended that it would be practically impossible to carry out regulations framed to give effect to the resolution. For instance, he pointed out, how difficult it would be to determine classes or communities to whom preference should be given, no matter what criterion was taken, whether of religion, language, caste or tribe. "At any particular moment when a group or community begins to feel itself," said Sir Malcolm, "it is difficult to say whether we should place more emphasis on the caste, designation or on the tribal configuration or on its local distribution." Then again, how was the Government to tell whether a class or community was not adequately represented? In addition to these general difficulties, the Central Government had yet another difficulty. The central services were at work all over India. How was the Government to secure adequate representation, for instance, of the Marathas in a service like the Customs Service which worked only at the ports of India where practically no Marathas levied? How was the Government to secure adequate representation for Sikhs, a localised community, in the Accounts Service which was at work all over India. "It will be seen at once," Sir Malcolm observed, "that when you apply the problem to the Central Government the difficulties are enormously increased; for you have to take into account factors enormously wider than those which apply in the case of the Local Government. Not only so, but there is another factor. Even if you secured an all-India classification of values obtained by weighing the claims of different classes or communities, you would have to overhaul it all again on a new requirement—the demand that within each class or community the provinces should be adequately represented. For the Local Government, a Muhammadan is perhaps only a Muhammadan; for us, he must be a Muhammadan of Bombay or Bengal or the Punjab."

The Home Member then briefly outlined what had been done by the Government to safeguard against the claims of any one community outweighing those of the others in the central services. He asked the House to put aside the main proposition based on the claims of separate classes and minority communities and to affirm the wide, simple and reasonable policy he had enunciated; and, supporting Sir Deva Prasad's amendment, Sir Malcolm Hailey said, "That amendment has my whole-hearted support; the House can adopt it with safety; and I would urge that it accept it in the cause—I can only put it in this way—of its own dignity and its position as a representative of all-India interests. We shall do well to avoid placing before the world at large differences which are not edifying in themselves and the airing of which here can lead to no good result."

Sir Deva Prasad's amendment was further amended at the instance of Chaudhri Shahabuddin and carried in the following form:—

That this Assembly recommends to the Governor General in Council that in future recruitment for the services under the control of the Central Govern-

ment steps be taken to secure that the services are not unduly overweighted with representatives of any one community or province and that as far as possible claims of all communities and provinces are considered."

A resolution, of a most far-reaching character, dealing with the services was moved by Mr. Venkatapatiraju in the Legislative Assembly on the 24th March 1923 in the following terms:—

"This Assembly recommends to the Governor General in Council that with a view to effect substantial reduction in expenditure under service heads, necessary steps be taken for stopping further recruitment for services, outside India, excepting the employment of foreign experts on special terms when necessity arises."

In commending his resolution to the House Mr. Raju referred to Mr. Jamnadas Dwarkadas' resolution on the services which had been passed on the 11th February 1922 and after a brief history of the various services Mr. Raju contended that in the interests of economy, the recognition of the right of Indians to serve in their own country and in fulfilment of the pledges which had been given in this behalf his resolution offered the only solution of the present difficulties. That was the first step in the direction of granting self-government, and if any proportion was fixed between Europeans and Indians in the Services it would indefinitely postpone the grant of self-government. Sir Malcolm Hailey regarded the resolution as inopportune as it had been brought forward at a time when the minds of most of the members were directed to another problem of an anxious nature. Moreover, the subject deserved a full dress debate which was not at the time possible. It was, further, a resolution on which there could not be a free discussion between the Government and the Assembly which could be of value to both because the Royal Commission would soon be investigating the whole matter. The Home Member questioned if Mr. Raju had behind him any considered body of opinion in demanding that all European recruitment should immediately cease. None of the major provinces had made such a demand, nor had any Provincial Retrenchment Committee made such a recommendation. The resolution, as moved, had the further disadvantage that it did not propose to take the initial step of immediately placing all-India services on an Indian pay which would secure the financial advantage the mover had in view. In conclusion the Home Member advised the House to adjourn the debate, to wait until the Royal Commission sat, and to allow public bodies to place their views before that Commission; but in no circumstances could the Government accept the proposition as it now stood. The debate was adjourned.

Jealous of its powers and suspicious of possible harm to the interests of Indians in the public services, the Indian Public Services Commission. Legislature devoted great attention to the Public Services Commission. Rumours in the press had led to a feeling of uneasiness and Professor Kale had given notice of a resolution in the Council of State asking for the production of the correspondence between the Government of India and the Secretary of State on the question of the improvement of the conditions and prospects of the Indian Civil Service and other Imperial Services, especially in connection with the appointment of a Commission to enquire into the matter. Before, how-

ever, the resolution could be moved, on the 25th January, Sir Malcolm Hailey made the following announcement:—

“His Majesty's Government have decided to appoint a Royal Commission on the Services in India. The precise terms of reference to the Commission have not yet been definitely settled, but will be wide in their scope. It is contemplated that the Commission will be required, having general regard to the necessity of maintaining a standard of administration in conformity with the responsibilities of the Crown for the Government of India and to the declared policy of Parliament in respect of the increasing association of Indians in every branch of the administration and having particular regard to the experience now gained by the operation of the system of Government of India Act, to inquire into the organisation and the general conditions of service, financial and otherwise, of the superior Civil Services in India and the best methods of ensuring and maintaining the satisfactory recruitment of such numbers of Indians and Europeans respectively as may now be decided to be necessary in the light of the considerations above referred to.”

The announcement did not deter Mr. Kale from proceeding with his motion, and immediately after he had moved it, Sir Malcolm Hailey rose to oppose the motion. He remarked that it was impossible to break the traditional confidence which had always been preserved between the Secretary of State and the Government of India; it would be impossible to tell him what the discussions between the two authorities had been; nor indeed would the placing of the papers add anything to the information of the House in pursuing the argument that a Royal Commission was not the proper instrument for conducting such an inquiry. The Commission had been appointed to deal not merely with the questions of pay and conditions of service, but also with the process of Indianisation. The Commission would have to apply the experience gained of the working of the Government of India Act and to decide what numbers of Indians and Europeans would be required in future in the light of the major considerations arising out of the preamble to the Government of India Act and out of the particular application due to the experience gained of the working of that Act. The Home Member advised Mr. Kale and his friends to welcome the Commission now that they knew its terms and the liberal scope of its operations. Non-official opposition to the appointment, which was based on account of its cost during the present financial stringency and on the ground that it would embitter racial feeling both in India and England was not abated by the Home Member's assurance. Mr. Sastri urged the publication of the papers in order to ascertain the differences of opinion between the Government of India and the Secretary of State, differences which he felt must be exposed, because the Government of India should, as soon as possible, be allowed to rise to its full stature without being crippled constitutionally by having to consult higher authorities on matters in which both the Legislature and the executive in India were in agreement. As representing the public in India, he demanded that on all possible occasions the Government of India should be set fully upon its feet and should be able in the regular constitutional manner to set the wishes of India above even the wishes of the Secretary of State in so far as their own views indicated that such course was proper. Mr. Sastri further urged the publication of the papers in order to know whether the principle asserted by the Joint Committee to the effect that where the legislative and executive authorities in India were in concurrence on any

important subject, the Secretary of State should not as a rule interfere unless Imperial interests were involved, had been upheld or had been departed from in the conduct of the negotiations regarding the Royal Commission. The resolution was eventually lost.

On the same date the same announcement was made in the Legislative Assembly and led to a good deal of excitement. On the 26th January Mr. Seshagiri Aiyar moved the adjournment of the House to consider the announcement, and was strongly supported among others by Sir Deva Prasad Sarvadhikary, Dr. Gour and Mr. Jamnadas Dwarkadas. A remarkable feature of the debate was the unanimity between the Indian and the European elected members. Both Mr. Spence and Sir Montagu Webb condemned the Commission. The only non-official supporters of the Commission who spoke were Colonel Gidney and Khan Bahadur Zahiruddin Ahmed. Sir Malcolm Hailey in speaking on behalf of the Government recognised the difficulty of his task, for he had to meet not arguments, but an atmosphere, not facts but suspicions. In justifying the appointment of the Commission Sir Malcolm claimed that it had the support not of an "ultra-conservative Government and a reactionary Secretary of State," but that of Mr. Montagu. He went carefully through the reasons which had led to the appointment of the Commission, and concluded that a very thorough investigation by a fair and independent body was essential to adjust the various questions, some of them conflicting, that had arisen with regard to the services. "The Indian public can safely banish any suspicion" concluded Sir Malcolm Hailey, "that this inquiry has been dictated by unworthy motives, that its sole object is to retard the Indianisation of the services—to me an unthinkable suggestion; or that its sole or main purpose is to satisfy the existing members of the Services." The motion for adjournment was nevertheless carried. Later on, in the course of the discussion on Demands for Grants the provision of Rs. 3 lakhs for the Royal Commission was cut out by the Assembly, but by a very narrow majority, in spite of Government opposition. The item has since been restored.

The resolutions so far discussed furnish the strongest proof, if proof were needed, of the pertinacity with which the Indian Legislature follows the topics on which it has decided to concentrate its attention. The results achieved pay no small tribute to its devotion to what it regards to be the interests of the country. But though the questions so far

discussed engaged a good deal of time and attention, the most notable success was achieved by the Legislative Assembly when it took an epoch-making decision on the 16th February 1923 regarding the future fiscal policy of India. Mr. Jamnadas Dwarkadas moved the following resolution:—

"This Assembly recommends to the Governor General in Council that a policy of Protection be adopted as the one best suited to the interests of India, its application being regulated from time to time by such discrimination as may be considered necessary by the Government of India with the consent and approval of the Indian Legislature."

After tracing the history of the question and a brief survey of the recommendations of the Fiscal Commission, the mover strongly advocated a policy of reasoned protection which would help rapid industrialisation

in this country. Mr. Innes on behalf of the Government moved the substitution of the following for the original resolution:—

“That this Assembly recommends to the Governor General in Council:

- (a) that he accepts in principle the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India;
- (b) that in the application of the above principle of protection, regard must be had to the financial needs of the country and to the present dependence of the Government of India on import, export and excise duties for a large part of its revenue;
- (c) that the principle should be applied with discrimination, with due regard to the well-being of the community and subject to the safeguards suggested in paragraph 97 of the Report of the Fiscal Commission;
- (d) that in order that effect may be given to these recommendations, a Tariff Board should be constituted for a period not exceeding one year in the first instance, that such Tariff Board should be purely an investigating and advising body and should consist of not more than three members, one of whom should be a Government official, but with power, subject to the approval of the Government of India, to co-opt other members for particular inquiries.”

In an extremely lucid speech embodying a complete and thorough examination of this difficult problem the Commerce Member analysed the implications of his amendment and asked the House to realise that it meant the wiping of the slate and that it would henceforward rest with the Legislature to decide what the new writing on that slate should be. He emphasised that the amendment marked an epoch in the fiscal history of India. Whereas, hitherto, the tariff had been a revenue tariff, the principle of protection as an integral part of its tariff policy was now being adopted by the Government. “For the first time,” said Mr. Innes “the Government of India ask the Legislature to agree to the proposition that their tariff policy may legitimately be directed towards fostering the development of industries in India.” It was not without deep searchings of heart and without forebodings that these conclusions had been reached. There was another side to the policy of the development of industries. There was the danger of political corruption and the danger of the formation of trusts. Nor was the moment entirely propitious for the inception of that policy in view of the state of affairs as it existed in the world. The possible effects of this policy in raising the prices could not be ignored; hence the need for discrimination. The interests of the agricultural classes had also to be taken into account and it was impossible to view without alarm, having regard to the condition of India, the prospect of a substantial rise of prices following upon a development of a policy of protection. “Nevertheless, we are prepared,” Mr. Innes continued, “to accept the considered conclusion of the Fiscal Commission that on the whole the right policy to adopt is a policy of discriminating protection.” Dealing with the implications of the amendment Mr. Innes claimed that the last clause was the most important. He remarked that he had made little mention of the difference between the Majority and the Minority Reports of the Fiscal Commission and strongly supported the proposal for the formation of a Tariff Board. “I hope the House will realise,” Mr. Innes concluded, “that we have done our best to identify ourselves

with the aspirations which we know to be common in this country. But I am also confident that the House will recognise that a Government, placed as we are, are entitled, in dealing with this important question, to lay down that the only safe and prudent course is to proceed with a proper measure of caution." Sir Campbell Rhodes in a highly interesting speech supported the general conclusions embodied in Mr. Jamnadas Dwarkadas' resolution. Mr. Townsend dilated on the provincial aspect of the amendment and concluded by saying that he was "unwillingly forced to support this amendment, lest a worse thing befall us." Mr. Joshi questioned the wisdom of building a high tariff wall in order to protect an industry, and urged the need for greater caution in placing burdens on the poor. Mr. Kamat hoped that the Tariff Board appointed by Government would enjoy the confidence of the Legislature and of the country at large and would be a properly constituted body. Sardar Bahadur Gajjan Singh made his remarks principally in the interests of agriculture. Mr. Seshagiri Aiyar regretted that Mr. Innes' amendment did not cover all the issues which had been submitted to the Fiscal Commission and moved certain amendments. Sir Basil Blackett in opposing the amendments asked the House to recognise the great advance that Government had made and not to cloud the issue by getting into a discussion of the details of the particular phraseology in which that advance was made. "I am not one of those," Sir Basil continued, "who believe that one must be either a protectionist or a free trader. It has always seemed to me to be a question of time, place and opportunity. I accept whole-heartedly the doctrine that it is India's right to decide what fiscal policy she shall have, and so long as I remain a Member of the Government of India I shall whole-heartedly attempt to assist in the introduction of the policy which India has chosen." On the constitution of the Tariff Board the Finance Member advised the House not to interfere with the legitimate functions of the executive by creating a precedent which would be regarded as a mistake when the executive in India became fully responsible at some future date to the Legislature. Mr. Shahani, Sir Deva Prasad Sarvadhikary and Mr. Ginwala also took part in the debate. Mr. Innes' amendment was eventually adopted in the place of Mr. Jamnadas Dwarkadas' resolution.

The anxiety of the Legislature to explore further sources of revenue was evinced in the Council of State by Rai Bahadur Lala Ram Saran Das who moved a resolution on the desirability of imposing a duty on benzine and petrol exported from Burma and other Indian provinces to foreign countries. When this resolution first came up on the 19th February, Mr. Cook, while personally supporting the suggestion made, thought that it would be impracticable for the Government to be drawn into discussing what was really a budget matter before the budget actually came out. The adjourned debate on the resolution took place on the 5th March when it was pointed out by Mr. Chadwick that the duty on petrol would kill this trade of Burma with foreign countries and that the oil companies would, in all probability, as a result, be forced to recover their loss by increasing the price of kerosene oil supplied to India. The Government therefore felt that while there would be

no rise in the revenue the burden on the consumer of kerosene would be increased. The proposal was rejected.

On the question of Industrial finance Mr. Kale moved a resolution in the Council of State on the 16th February that effect be given, at as early a date as practicable, to the recommendation of the Indian Industrial Commission regarding an inquiry, at the hands of an expert committee, into the question of industrial finance and industrial banks. In moving this resolution Mr. Kale referred to the difficulties experienced by industrialists in obtaining capital for starting and running their industries and urged that an expert committee alone could investigate the whole matter and recommend suitable means for advancing and helping the indigenous industries. The resolution was supported amongst others by Raja Sir Harnam Singh, Khan Bahadur Ibrahim Haroon Jaffer, Nawab Major Mohamed Akbar Khan and Mr. Purshotamdas Thakurdas. Mr. Chadwick, though he did not oppose the resolution, pointed out the difficulties, stated what the several Local Governments had done in the matter and concluded by saying that the Government did not want to raise false hopes that they would be able to put forward funds freely to start such banks or to give loans to industries, nor did they want to lead people to think that now they were going to get money cheap on terms no business man would consider. The resolution was, however, accepted by the House without a division.

The industrial wealth of the country formed the subject of a resolution in the Council of State which was moved by Sir Dinshaw Wacha on the 19th February recommending the great importance, economically and financially, of taking a census of production for British India every ten years. Mr. Chadwick on behalf of the Government accepted

Census of Production. the principle of the resolution and stated that the whole of the statistical publications were at present under review and the Government would do their best to bring them together and publish them in such a form as Sir Dinshaw required so that they might approximate towards a census of production. The resolution was carried without a division.

Mr. Lalubhai Samaldas showed his usual solicitude for the industrial development of the country by moving a resolution in the Council of State on the 25th January asking for the publication of the correspondence which had passed between the Government of India and the Secretary of State for India relating to the resolution passed by the Council on the 29th September 1921 with regard to the purchase of stores in England. In his speech the mover paid a warm tribute to Sir William Meyer and expressed regret at his sad and untimely death. In moving the resolution Mr. Lalubhai Samaldas wanted to know what action the Secretary of State had taken regarding the placing of orders in foreign countries as he was anxious that such orders should be placed from India direct and not through an officer who was more likely to be under the influence of English manufacturers than he would be if he were residing in India. Mr. Chadwick on behalf of the Government said, "I wish to say as categorically as ever I possibly can, that no instructions have

been issued, either officially or demi-officially, either secretly or privately, or by any other means, detracting from the orders which followed that resolution of September 1921, and were issued in the following December." The resolution was, by leave, withdrawn.

Another resolution on the subject was moved by Professor Kale on the 14th March 1923 that effect be given at an early date to the recommendations of the Stores Purchase Committee, 1920, regarding the gradual reduction and reconstitution of the Stores Department in England and the development of the Stores Department in India, with a view to expand the scope of the work of the latter and to render it thoroughly efficient. Mr. Chadwick asked for some further time for the consideration of the matter and suggested that the debate be adjourned so that it could be discussed at a later date with fuller knowledge. He urged that the recommendations of the Inchcape Committee, one of which was that on financial grounds the expansion of the Indian Stores Department should be postponed for three years, had to be considered before Government could definitely pronounce on their attitude towards this question. Sir Dinshaw Wacha strongly opposed the postponement and observed that the High Commissioner in London was under the thumb of the Secretary of State and consequently gave preference to British manufacturers. Mr. Chatterjee categorically repudiated this charge, pointed out that the Secretary of State had nothing to do with the High Commissioner who was a servant of the Government of India, and that the stores purchase policy whether in India or in England, was entirely in the discretion of the Government of India. The discussion was eventually adjourned.

Having dealt with the industrial wealth of the country it would not be out of place to mention the attention which was paid in the Council of State to the agricultural wealth when Sardar Jogendra Singh on the 30th January moved a resolution that funds be provided for irrigation projects on the same scale as for railways and a proper expert board be constituted at the headquarters to prevent delays in decision. Sardar Jogendra Singh complained that the Government had no constructive programme as regards agriculture and the hope that the reformed councils would speed up the agricultural, industrial, material and moral development of the country was far from being realised. Mr. Sarma in a spirited reply pointed out that the mover had indulged in exaggeration when he said that nothing had been done by the Government of India or by the provinces in the matter of irrigational activity or promoting the agricultural prosperity of the country. Agriculture and irrigation alike were provincial subjects and the Government of India could not have a programme in the sense in which the mover of the resolution desired it. The only power in the hands of the Central Government was in respect of technical sanction to projects costing more than Rs. 50 lakhs or in which more than one province was interested. At present, the Revenue Member stated, no project from any provincial Government was awaiting sanction before the Government of India. Regarding the Sukkur Barrage Project awaiting the formal sanction of the

Secretary of State the Government of India were in continuous communication with him as regards some of the points which had arisen. The project (which has since been sanctioned) had not been postponed owing to the Local Government or the Government of India not being in a position to assist in financing the scheme, and consequently, it could not be said that it had been held up or delayed owing to any remissness of duty or non-realization of responsibility by either the Provincial Government or the Government of India. With regard to the charge that the railways were shown preference over irrigation, the Revenue Member pointed out that railways were a central subject and their position was entirely different from that of irrigation. Mr. Sarma hoped that some of the energy, enthusiasm, keenness and alertness displayed by Sardar Jogendra Singh and his colleagues would be utilised in educating the electorate, in telling them what they wanted, in pressing upon their Governments and upon their Legislatures the need for greater irrigational activity, and then if they came up before the Government of India for financial or administrative sanction and if there was delay in any Department here, there would be time enough for the mover of the resolution to ask for a Board. Mr. Cook assured the House that there was not and never would be any reluctance to find funds, to the utmost extent of their borrowing capacity, for any well considered scheme of development, and more particularly, a scheme of irrigation. The motion was negatived without a division.

Another resolution based upon the disappointment felt at the non-fulfilment of the full hopes entertained from Provincial Contributions. the reforms was the one moved in the Legislative Assembly on the 22nd February 1923 by Mr. M. K. Reddi recommending that steps be taken immediately to set apart some revenue for the purpose of wiping out all contributions from the provinces in the course of six years. Mr. Reddi referred to the emphasis with which the Joint Committee had said that for the very successful working of the reforms the provincial contributions must go, and he pleaded in the interests of the provinces, which had suffered seriously in the past, that a determined effort should be made by the Central Government. Mr. Reddi was supported by members from Madras and the Punjab while members from Bombay opposed the motion as inopportune in view of the forthcoming budget. Sir Basil Blackett assured the House that the Government of India had been steadfastly endeavouring to shape its policy towards the reduction and the eventual extinction of the provincial contributions, but the first duty was to balance the Central Budget and the Finance Member urged that it was the duty of all of them in an all-India Assembly as the representatives of India to direct their attention first and foremost to their primary duty of balancing their own budget, being quite sure that that would essentially be the first step towards the reduction and the eventual extinction of the provincial contributions to which they were all looking forward. The Finance Member contended that the moment was not convenient for the Government of India, in view of the forthcoming budget, to express its views on the subject of the provincial contributions and suggested that after the very interesting and instructive debate the discussion should be adjourned. The Finance Member's motion was adopted by 53 votes against 36.

Railways, as in previous sessions, engaged a good deal of attention in the Legislative Assembly which secured a notable triumph on the 27th February 1923 when the vital problem of company *versus* state management was discussed. It will be remembered that on the 7th September Maulvi Miyan Asjad-ullah had moved a resolution recommending that the Indian Railways Act of 1890 be so revised as to give India the full benefit of State ownership of Indian Railways. To this, on the present occasion, Mr. Neogy moved an amendment recommending that the Governor General in Council "may be pleased to accept and give effect to the recommendation of the Chairman and four other members of the Indian Railway Committee, 1920-21, that the undertakings of guaranteed Railway Companies, as and when the contracts fall in, should be entrusted to the direct management of the State." Mr. Neogy contended that the railway policy hitherto pursued had not been directed so much in the interests of Indian industries, or towards the promotion of the well-being of Indians, as in the interests of the British manufacturers and British interests generally, and urged that an unqualified adoption of State management was the remedy. Dr. Gour moved an amendment to Mr. Neogy's amendment. In doing so he observed that while generally speaking he was in entire sympathy with Mr. Neogy he wanted to deal with the question as a man of common sense and of business. Dr. Gour pointed out that the contract with the East Indian Railway would expire on the 31st December 1924 and that with the Great Indian Peninsula Railway in 1925, while the contracts with the other six State-owned railways leased out to companies for the purpose of management would expire between 1928 and 1950. He therefore urged that on the expiration of their leases the East Indian Railway and the Great Indian Peninsula Railway; the two most important trunk lines in the country, be taken over for management by the State, but he did not want the House to decide upon questions which could wait for years to come and must be decided in the light of the experience gained, during the interval, of State management of the Great Indian Peninsula Railway and the East Indian Railway. Sir Campbell Rhodes wanted to move a further amendment to the effect that before coming to a definite decision as to the best railway policy for India it was desirable to continue for a further period of five years the principles both of State and Company management. Mr. Innes speaking on behalf of the Government recognised that Indian opinion generally had ranged itself in favour of State management while the European business opinion had ranged itself in favour of Company management. But he could not help pointing out that he did not think that there was any democratic country in the world where State management had proved anything but a gross failure. Mr. Innes in further explaining the position of Government pointed out that they had decided that when the contracts with the East Indian Railway and Great Indian Peninsula Railway Companies expired next year they must take them under direct State management but he did not wish it to be implied that they were adopting this course because they were convinced that State management was the best form of management for India. "And though we do not propose," Mr. Innes continued, "that all State Railways should immediately be handed over to companies, we think that it will be necessary to maintain

substantial portion of our railway system under company management. We desire to adopt the course I have indicated in regard to the East Indian and the Great Indian Peninsula Railways solely for practical reasons. Let me repeat my syllogism. In the first place, we are agreed that we have got to transfer the railways to Indian control as the contracts expire; secondly, we have failed to devise a satisfactory alternative to State management which alternative could be introduced within the time which is left to us before these two contracts expire; and thirdly, we believe that by a period of direct State management we shall be able to carry out a really useful measure of grouping. But the Government are opposed to banging and locking the door, so to speak, against a return to company management." The Commerce Member further observed "We intend to explore that possibility, and there may be other possibilities. I am quite sure that this House will agree with me that all possibilities of this kind must be explored. Let me appeal to the House to clear its mind to-day of all prejudice and preconceived ideas." Mr. Innes concluded, "I do not ask for very much. All I ask is that the House should not, as I have said, bang the door against any well-considered scheme for company management. It will be a company domiciled in India, an indigenous company. All the ideas, all the hopes and all the aspirations of India in regard to Indianisation of the Railway Services will be fulfilled just as adequately by a company of that kind, an indigenous company as by the State, and with, I am sure, very much less cost to the country. What I suggest and what I propose to the House and what I would ask Dr. Gour to accept—and mind you, I am merely carrying out Dr. Gour's idea which he developed in the course of his speech that real company management would be very much better than any form of State management—Dr. Gour said that State management was merely the lesser of two evils—I suggest that at the end of Dr. Gour's amendment we add the following words:—

'But that efforts should be continued to concert measures with the object of handing over one or other of the two railways after such grouping as may be necessary to an indigenous company calculated to give India the benefits of real company management.'

The effect of that is that we take over the two railways in the first instance, but that we continue our efforts with the object of handing over one or other of them to a real private indigenous company." In addition to Sir Campbell Rhodes the European commercial view was voiced by Sir Montagu Webb and Mr. Willson showing how from the business point of view the management of Indian railways by a real company was the only and the best method of running a purely commercial concern. An animated discussion lasted for nearly four hours and the Indian point of view was put forward by Mr. Seshagiri Aiyar, Mr. Manmohandas Ramji and Mr. Kamat, who refused to accept Mr. Innes' motion which, they contended, wanted to commit them to a scheme which was absolutely obscure and also wanted to place company management above State management without giving the latter a trial. Sir Malcolm Hailey, after pointing out some of the attractions which company management offered, thought that it would be unreasonable absolutely to close the door to negotiation for an Indian company. Sir Malcolm Hailey denied that by passing Mr. Innes' amendment

the Assembly was, as suggested by Mr. Seshagiri Aiyar, tying itself to a definite line of action with regard to the company or that if this amendment was passed they would be bound to give one of their railways over to a company. "If you pass this amendment," the Home Member said, "all that follows is that Government would be in a position to undertake the inquiries and negotiations necessary to forming an indigenous company on lines which would be accepted as suitable in India," and unless it was possible to enter into these negotiations it would not be possible to show the company for which some members had asked. "I repeat that this rider of Mr. Innes," Sir Malcolm concluded, "does not in any way compel us to any future action; all it does is to leave open the door to Government to negotiate with some effect, since responsible people will not negotiate unless they are convinced that Government can implement any negotiations into which it enters." Mr. Innes' amendment was defeated by 56 votes against 42 and Mr. Neogy's amendment as amended by Dr. Gour was carried without a division.

Two more resolutions dealing with railways might briefly be mentioned. On the 10th March Mr. Hussanally moved that the reservation of compartments for particular communities on all the Indian

Reservations of Compartments for Communities.

railways by passenger trains, unless fully paid for, should be done away with. Mr. Abul Kasem and Mr. K. N. Mitra opposed the resolution while Mr. Jamnadas Dwarkadas supported it. Mr. Innes thought that it was wrong, especially at this time, to try and make a racial question out of a small thing. Railway Administrations had been addressed and they had taken up the question with the Agents. The practice had been restricted to the narrowest possible limits and Mr. Innes thought that the wisest course was not to make too much of a question of this kind but to let time correct it. The reservation of compartments was not based on any racial considerations but was resorted to purely out of regard for the convenience of passengers. With regard to intermediate compartments Mr. Innes stated that he himself saw no reason why such compartments should be reserved and he was quite prepared to suggest to the Railway Administrations that they should consider very seriously whether there was any necessity to continue this distinction. The resolution was, by leave, withdrawn.

On the 24th March Mr. Kabiruddin Ahmed moved a resolution that on all State railways return tickets for the 1st, 2nd and inter class passengers be issued at a fare and a third during the Puja, Christmas and Easter holidays and fares for the third class passengers be reduced by one-fourth immediately. To this Dr. Gour moved an amendment demanding that such steps, as might be necessary, be taken to ensure the resumption of return tickets on Railways and the reduction of third class fare for passengers. After examining the business aspect of the motion Mr. Hindley wanted to move the following amendment:—

Return Tickets and reduction of 3rd class fare.

"This Assembly recommends to the Governor General in Council that the effect of the last increase in third class passenger fares be carefully watched, and that Railway Administrations be advised to reduce them if experience shows that they are greater than the traffic can bear."

The President declined to treat Mr. Hindley's motion as an amendment and treated it merely as an undertaking by Government. The resolution was, on this undertaking, withdrawn.

A resolution of great importance dealing with railway finance was to have been moved in the Assembly by Mr. Innes on the 28th February 1923, agreeing to the recommendations of the Railway Finance Committee regarding the separation of railway from general finance. Mr. Seshagiri Aiyar, however, moved that the debate be adjourned in order to let the House have an opportunity of examining the budget and the Report of the Inchcape Committee before it considered this important question. Sir Malcolm Hailey stated that in case the discussion was postponed he could not allot another day for it during the present session. The discussion was eventually postponed by 44 votes against 38.

The Legislature showed its usual interest in Indians abroad. Reference has already been made to the action of the Assembly taken in urging the Government of India to make representations to the Secretary of State on behalf of the Indians in Kenya, and the announcement which was made by Mr. Hullah. A full-dress debate on the subject took place in the Council of State on the 5th March when Mr. Sastri moved the following resolution:—

"That this Council recommends to the Governor General in Council that he be pleased to convey by telegraphic message to His Majesty's Government the view of this Council that no settlement regarding the political rights and status of Indian settlers in the Crown Colony of Kenya would satisfy the people of India unless Indians in Kenya are granted full and equal rights of citizenship with European settlers.

"And this Council records its indignant protest at the reported threats of violence on the part of the latter and fully trusts that His Majesty's Government will take effective steps to prevent any such outbreak and to afford them the necessary protection.

"And this Council records its emphatic conviction that no restrictions on new immigration from India will be acceptable to public opinion here."

In making his motion Mr. Sastri claimed that he was demanding a very partial fulfilment of the rights of equality. But unfortunately Kenya was dominated by the spirit of South Africa which he summed up in two expressions, *viz.* "No admission of equality with Indians" and "the expulsion of Indians if possible"; and to support this theory, Mr. Sastri said, history was being falsified, and the facts, that the Indian was on the soil before the White settler appeared and that he had done a good deal to make the Kenya colony what it was, were being denied. Mr. Sastri complained that the White Settlers of Kenya had been, from the weakness of that Government, led to believe that they could deal shortly and summarily even with their Government and when they threatened violence in case equality was forced upon them they were not, by any means, bluffing. With regard to immigration and the control of immigration in respect of Kenya Colony Mr. Sastri urged that it had been admitted that India was an equal partner in the British Empire with Great Britain and with the Dominions and the assertion, that Kenya must be kept a characteristically British Colony, could not be allowed. He deprecated, what he called the irony of the situation, that £10,000 should have been taken from the public revenues of Kenya to

which Indians had contributed somewhat over 50 per cent., for the establishment of a publicity bureau in London with the object of attracting English settlers to that colony at the very time that it was proposed to impose restrictions on Indian immigration which would have the effect of excluding altogether Indians from India.

Mr. Lalubhai Samaldas, Dewan-Bahadur S. M. Annamalai Chettiyar, Mr. Phiroze Sethna and Colonel Sir Umar Hayat Khan supported Mr. Sastri. Mr. Sarma, speaking on behalf of the Government, appreciated the strength of the feeling on this subject and acknowledged the moderation with which the question had been discussed. On the recognition of equality, and the full rights of citizenship Mr. Sarma reiterated the principle which had been clearly enunciated by Lord Chelmsford, *viz.*, that there was no justification in a Crown Colony or Protectorate for assigning to British Indians a status in any way inferior to that of any other class of His Majesty's subjects. Negotiations on the subject were proceeding with the Colonial Office and it was not possible for the Revenue Member to enter into any details of the conclusions which had been provisionally reached. The present position in Kenya could not be treated in any light-hearted manner; but the Revenue Member refused to believe that any body of Britishers could really mean to assault a defenceless body of Indians in Kenya, whatever might be the provocation imagined to have been offered when constitutional questions of such importance were being discussed there. The Central Government would always assert its authority and refuse to be cowed down by any section which defied the lawful orders passed by the Government. As regards restrictions on new immigration from India Mr. Sarma quoted from a speech by Lord Milner and maintained that there was no intention on the part of the Colonial Office to impose any restrictions which might be calculated effectually to prevent the outflow of any population from India subject to the usual safeguards which every colony and every Government must impose when it admitted people from another part within its jurisdiction. Mr. Sarma assured the House that the Government could not and would not be party to the acceptance of any principles in respect of the Crown Colonies or Protectorates which would be unreasonable in the minds of all right-thinking men and he promised to press upon the Secretary of State that equal opportunity should be afforded to the Indian community in Kenya to state their case before the Colonial Secretary in the same manner as the British Settlers proposed to do. The resolution was carried without a division. A similar resolution of protest was also adopted in the Legislative Assembly.

While dealing with the question of Indians abroad it would be convenient here to summarise the terms of two draft notifications, which were laid for the approval of the Legislative Assembly, specifying the terms and conditions on which emigration for the purpose of unskilled work should be lawful to the Straits Settlements, the Federated Malay States, to the Un-Federated Malay States and to Ceylon. The first notification prohibits engagements to labour, for a period exceeding one month, entered into before leaving British India, renders void such engagements entered into in Malay and permits an Emigrant on satisfying the agents appointed under Section VII of the Act (Indian Emi-

Emigration to Ceylon and Malay States.

gration Act VII of 1922) that his return to his home is desirable on the ground of health or because the work required of him is unsuitable to his capacity or because he has been unjustly treated by his employer, to be repatriated free of cost to the place of recruitment. The second notification prohibits before leaving British India entry into contract of service for a period exceeding one month, provides for a provision of a similar enactment by the legislature of Ceylon and permits the return of an emigrant from Ceylon on terms similar to those in the previous notification. On the 10th February Mr. Hullah moved a resolution in the Legislative Assembly asking for its approval to these draft notifications. To the second notification several amendments were moved including one by Mr. Subrahmanyam that within six months from the issue of the notification or within such further period as may by notification be appointed prior to the 5th March 1924, the Ceylon Government should take and complete the necessary steps to fix legally a minimum wage to be paid to emigrants by the Ceylon planters and that the number of new emigrants after the date of notification to Ceylon should not exceed 10,000 for the period ending 5th March 1924; and another by Sir Montagu Webb that the notification should be in force up to the 1st October 1924 and should continue thereafter only if in the meanwhile the Ceylon Government had fixed by law a minimum wage for labour on estates. But all the amendments were rejected and the notification was approved. The resolution regarding the first notification was also adopted without an amendment. The notifications were also approved by the Council of State.

The Draft Notification regarding emigration of unskilled labour to Mauritius was discussed by the Assembly on 9th March 1923 when Mr. Hullah moved a resolution asking for the approval of the House to the terms and conditions specified in it. The Draft Notification makes the emigration of unskilled labour to Mauritius for a period of one year lawful, limits the number of adult male labourers which might be recruited within the period to 1,500 and lays down conditions which include the fixing of a minimum wage by the Government of Mauritius in consultation with the Government of India or their agents so that a labourer might obtain the cost of living for himself, his wife and three children besides reasonable margin for savings, failing which he would be entitled to be repatriated at the cost of the Mauritius Government to the place of recruitment. Mr. Rangachariar moved that the consideration of the Draft Notification be postponed pending the investigation on the spot by an official of the Government of India as to the probable effects of the emigration of fresh labour into the colony on the Indian labour population already settled there; while Mr. Agnihotri recommended an enquiry by a committee. Mr. Sarma observed that all that the Government were asking the House to do was to accept the principle and to leave the working out of the principle to the Executive Government. Having regard to the observations made in the House Mr. Sarma assured them that the Government would endeavour their best to ascertain the conditions in Mauritius before finally committing themselves, but they did not want to be bound down to a particular policy. Both the amendments were withdrawn and Mr. Hullah's motion was carried without a division. The resolution was also passed by the Council of State.

A few more resolutions of general interest might also be mentioned.

Arms Rules.

One of these was moved by Lala Sukhbir Sinha on the 26th February recommending that immediate effect be given to the recommendation of the majority report of the Committee on Indian Arms Rules subject to certain alterations. Mr. Crerar stated that the Government of India had taken the Committee's report into very careful consideration, and subject to inquiries from Local Governments and other authorities concerned, they hoped to be able to carry out the main recommendations of the Committee. The alterations proposed by Lala Sukhbir Sinha were put one by one to the Council and were all lost except the one seeking to exempt members of the provincial Legislatures on the analogy of the members of the Legislature whose exemption had already been recommended by the Committee; and finally the whole resolution as amended was negatived.

On the 21st February Mr. Raza Ali asked for a committee to enquire into the question as to whether the system of administration in Ajmer-Merwara offered sufficient scope for the realisation of the political aspirations of the people; if not, to report what steps should be taken to satisfy such aspirations; and to consider whether it was advisable to amalgamate Ajmer-Merwara with the United Provinces or any other major province. Mr. Crerar observed that the Government had already shown a degree of solicitude and interest in the important question and that a committee had been appointed in 1921 to report whether, with a view to enable Ajmer-Merwara to participate in the reforms, it would be advisable that the province should be retransferred to the United Provinces both administratively and judicially. The committee had favoured the merger of the province in the United Provinces and the matter had formed the subject of correspondence with the United Provinces Government. The United Provinces Government was unfavourable to the proposal and the Government of India had come to the conclusion that the matter required further consideration. The Finance Department were working out an estimate of what the provincial revenues of Ajmer-Merwara would be on the basis of the reforms allocation, and when that had been done, further progress with the negotiations would be considered; and other alternatives were also possible. The resolution was, by leave, withdrawn.

Another resolution full of promise to India's future was moved by Mr. Venkatapatiraju on the 24th January in the Legislative Assembly recommending that 25 scholarships, each tenable for five years at about Rs. 4,000 per head per annum eventually costing not more than five lakhs annually, be given year after year from the Imperial Revenues

to Indians of great promise specially for research work in any part of the world and in any branch of knowledge approved by the Central Legislature. Mr. Chatterjee said that the Government fully agreed with Mr. Raju that research was very important in securing industrial development in this country and also for the purpose of the advancement of general culture in order to build up the nation. He further remarked that research should, as far as possible, be conducted in India and not abroad and it was most essential that facilities should be provided for the students to

carry on their research after they came back to India. The Government of India had not been oblivious of their obligations with regard to the promotion of research and Mr. Chatterjee showed the progress that had been made in various directions, but he said that the resolution could not be given effect to immediately. "We can do so," concluded Mr. Chatterjee, "and we shall do so as soon as funds permit." The motion was adopted without a division.

Another resolution which deserves mention because of its importance to labour was moved in the Council of State by Mr. Chadwick on the 31st January recommending that no action be taken on the Draft Convention relating to Workmen's compensation in agriculture and the recommendations concerning social insurance in agriculture adopted by the 3rd session of the International Labour Conference at Geneva in 1921. In commending his proposition Mr. Chadwick contended that it was premature to apply the Draft Convention to India because it would prevent Government from introducing any scheme of Workmen's Compensation until they were prepared to extend that scheme to all agricultural workers. It was obvious that a scheme of compensation for every villager, for every small boy who tended the cattle or goats was impossible. The resolution was supported by Lala Ram Saran Das, Lala Sukhbir Singh and Mr. Khaparde. Mr. Sastri moved an amendment that an enquiry he made as to what action in regard to these matters was practicable and necessary in the case of organised plantations like those of tea, rubber and sugar and that the results of the enquiry be reported to the Council. Mr. Kale supported both the resolution and the amendment; while Mr. Lalubhai Samaldas opposed the amendment but supported the resolution. The amendment was lost and the resolution was carried.

Mr. Chadwick moved another resolution that legislation to enforce recommendations concerning the protection of women wage-earners, the night work of women and children and young persons employed in agriculture and the living in conditions of agricultural workers adopted by the 3rd session of the International Labour Conference at Geneva in 1921 should not be introduced at the present time. An amendment similar to that to the previous resolution was moved by Mr. Sastri and negatived. Mr. Chadwick's resolution was adopted without a division. The same resolutions were moved by Mr. Ley in the Legislative Assembly on the 1st February where also an interesting discussion took place in the course of which Mr. Joshi put forward the labour point of view and wanted to amend the resolutions on the same lines as Mr. Sastri had sought to amend them in the Council of State. The amendments were, however, negatived and the resolutions were adopted, without a division, by the Legislative Assembly.

Budget.

As in previous years, the budget for 1923-24, which was introduced by the new Finance Member, Sir Basil Blackett on the 1st March, was the subject alike of very careful scrutiny and highly interesting discussion. He began by paying a warm tribute to the labours of his predecessor, and

of Lord Inchcape and his Committee. Summarising the Revised estimates for 1922-23, the Finance Member explained how the anticipated deficit of 9 crores was expected to be nearly doubled, the latest estimate being $17\frac{1}{2}$ crores. The saving under Expenditure was over 4 crores, being made up of a saving of 1.86 crores under interest charges owing to a half year's interest on the bulk of the borrowing of that year being payable only next year, of a saving in military expenditure of $\frac{1}{2}$ crore, notwithstanding an increase of $1\frac{3}{4}$ crores for Waziristan and $2\frac{1}{4}$ crores on demobilisation charges, and of 1.21 crores under civil expenditure due mainly to retrenchments already effected. Revenue was down by $12\frac{1}{2}$ crores, in spite of the excess receipts of nearly one crore from opium and salt. The chief disappointments were 3.4 crores less under Income Tax owing to heavy refunds in Calcutta as a result of the adjustment system under the former Act; 3.12 crores under Customs, half the loss being due to a drop in both import and of price of sugar; .94 crore under Posts and Telegraphs and 5.86 crores under Railways.

The Finance Member next surveyed India's present financial position from the point of view of a newcomer. Present Financial position. "For five years," he said, "India has had a deficit. The accumulated total of these deficits amounts to no less than an overspending of 100 crores. Apart from Revenue deficits we have spent many crores on unproductive purposes. Moreover, besides the deficit of the Central Government the recurring deficits of provincial Governments and local bodies throughout India must not be forgotten. Thirty-one crores of this deficit have been covered by the creation of paper money representing nothing but the I. O. U.'s of the Government of India." This meant taxation by inflation. "The remainder amounting to 69 crores has been raised by borrowing. Moreover to the extent of 22 crores the borrowing has thus far taken the form of issues of Treasury Bills to the public, and Treasury Bills were an evil even in England where the money market was much more elastic than in India." This was one view of the picture. "But," continued Sir Basil Blackett, "the deficit can be looked at from another point of view when again its evil effects are prominent. In the budget for 1923-24 the charge for interest would be at least $5\frac{1}{2}$ crores less had it not been for these accumulated deficits... Moreover the continued deficits are threatening to impair India's credit both at Home and abroad, and increasing the cost of borrowing whether for covering deficits or for new capital expenditure." Turning to the growth of the public debt the Finance Member said: "India's debt has grown from a total of 411 crores on the 31st March 1914 to an estimated total of 781 crores on the 31st March 1923.... 557 crores of this is classed as productive and 224 as ordinary or unproductive. The proportion of productive to unproductive debt is naturally one which looks strikingly good to anyone who thinks of Great Britain's figure of £7,500 millions of debt, all of which has gone in powder and shot. But the comparison must not blind us to the fact that since March 1914 the total debt has increased by 370 crores and the unproductive debt by 227 crores, and we must not forget that the yield on the part of our productive debt which is invested in Railways has not been sufficient in the last two years to meet the interest charges." This picture necessitated the most careful consideration of ways and means to improve India's financial situation. Inflation as

an instrument of relief had to be ruled out. There were limits to borrowing, set by the quantity of money available and the capacity of the borrower to meet interest charges. India's salvation lay in the country meeting her annual expenditure, whether on Capital or on Révenue account, out of her own savings. The habit of investments must be stimulated. The system of Post Office Cash Certificates seemed to possess great possibilities of development.

As regards Currency and Exchange, the Finance Member expressed the opinion that provided the era of unbalanced budgets ceased, the position could be regarded with some satisfaction. India's export trade was slowly improving and Currency reserves were strong. The Rupee sterling exchange had improved and there had been a satisfactory fall in prices. But he did not consider the time to be ripe yet for adopting a new policy in regard to exchange. No sanctity attached to any special rate of exchange. The only criterion was what rate best suited India's needs. A higher rate of exchange would make considerable difference to interest charges on the sterling debt. But a higher rate also might involve a restriction of India's export trade and a readjustment of internal prices. Stability was the goal to be aimed at but should not be pursued prematurely.

The Finance Member then passed on to the estimates of expenditure for 1923-24. Except in the Military and, to a certain extent, in the Post and Telegraph Budget, the suggestions of the Retrenchment Committee could not, for want of time, be fully incorporated in the detailed estimates then placed before the House. A lump reduction had, however, been made after allowing for inevitable delay in giving full effects to the Committee's proposals, and for extra expenditure in closing down establishments. Details, he promised, would be submitted to the House before the demands for reduced figures were voted on. In the non-military portion of the Budget excluding interest, the amount reduced was 4 crores which together with $2\frac{1}{2}$ crores by which the present Budget fell short of that for 1922-23 was only 2 crores less than the Committee's proposals. The Military expenditure was taken at 62 crores . . . or $5\frac{3}{4}$ crores less than the last budget. The reductions pivoted on substantial cuts in the strength of the British and the Indian troops, which were still under discussion with His Majesty's Government. If all the Retrenchment Committee's proposals could have been brought into operation forthwith and their financial effects fully secured by the 1st April 1923, the military expenditure would have been $57\frac{3}{4}$ crores. The difference of $4\frac{1}{4}$ crores was due partly to the special expenditure in Waziristan ($1\frac{3}{4}$ crores) and, partly, as in the case of civil expenditure, to inevitable delay in carrying out the proposals.

The total gross expenditure including the working expenses of commercial departments was $20\frac{1}{2}$ crores or 11 crores less than in the previous budget, notwithstanding an increase of $1\frac{3}{4}$ crores under interest charges. The gross revenue was estimated at $198\frac{1}{2}$ crores, leaving, on the existing taxation, a deficit of 5.85 crores. The revenue forecast was based on the assumption that trade conditions would continue much as they were. A small growth such as might normally be expected from year to year had been allowed for; no expectation of any early boom

in foreign trade had been permitted to colour the estimates. The rate of exchange was assumed for the purposes of the estimates at 16d.

In respect of ways and means the total liabilities in 1922-23, over and above what had been met from Revenue, were 106 crores including the Railway capital outlay of 21·4 crores, loans to provincial Governments 11·4 crores, discharge of Treasury Bills 40·6 crores and of funded debt 12·4 crores. These were met mainly by the rupee loan of 47 crores and the sterling loan of 31½ millions.

Next year the total liabilities were estimated at 67 crores including the Railway capital outlay of 38½ crores, loans to Provincial Governments 13½ crores, discharges of Treasury Bills 5½ crores and funded debt 5 crores. The loans next year were assumed for the estimates at £15 millions in sterling and 25 crores in rupees. The Government would require to remit £27 million to London, but the Finance Member could not at the moment particularise the exact method of effecting the remittance.

The Finance Member regretted that no beginning could be made this year in reducing provincial contributions, but urged all who had that interest at heart to support him in securing a balanced Central Budget as by doing so they would be hastening the day when the contributions could be reduced. The total deficit of 5·85 crores could be reduced to 4·26 crores by crediting to revenue the interest on securities in the Gold Standard Reserve in addition to that on securities in the Paper Currency Reserve which latter was approved by the House for the financial year 1922-23. New taxation was necessary to make up the uncovered deficit of 4·26 crores. Several crores in the military expenditure and a considerable additional amount in the non-military expenditure represent non-recurrent expenditure due to "lag" and "terminal" charges connected with the proposals of the Inchcape Committee. But these sources of saving were largely illusory and did not justify the deficit being allowed to continue for another year. Over 2 crores of the cut made in the military budget represented non-recurring savings. Similar considerations applied to other cuts, both in the military and the non-military budget, particularly in the Railway budget. The only practicable tax was the raising of the salt duty to Rs. 2·8 per maund. This was expected to yield 4½ crores in 1923-24 and would leave a small surplus of 24 lakhs. Some terminal charges threatened to continue into 1924-25. There was no certainty that the budget for 1924-25 would balance on the basis of present taxation. No beginning had been made towards making good past deficits, or paving the way towards a reduction of provincial contributions. Fresh taxation seemed to be the only remedy. It might be unpleasant but was preferable to recurring deficits. The Finance Member concluded with an appeal to the House for an united effort to get India's finances out of the vicious current which was threatening to drag the country down on to the rocks of insolvency.

The general discussion on the budget took place in the Assembly on the 5th and 6th March in the course of which no less than 40 speakers took part. Satisfaction was expressed at the manner in which the

General discussion in the Assembly.

Finance Member had handled the budget, the retrenchments made as a result of the recommendations of the Inchcape Committee were appreciated, but criticism was still directed against the military expenditure which was considered to be very high and it was suggested that the budget deficit could be met by making a fuller use of the recommendations of the Retrenchment Committee if they were given effect to to a greater extent than the Government had done. Though there was a general desire that the budget should be balanced the salt tax was strongly opposed. Sir Sivaswamy Aiyar regretted the delay in the decision regarding the admission of Indians to ancillary services and the reduction in the grant for providing improved accommodation for the Indian sepoy. He also drew attention to the present inequitable capitation grants and urged that the deficit be, if possible, covered by a further reduction and contended that it would be politically unwise to cover it by the salt tax. Mr. Seshagiri Aiyar feared that the policy of civilising the Mahsuds would bleed India white, and advocated a reduction in passenger fares and the stabilisation of exchange. Sir Gordon Fraser and Sir Montagu Webb urged a reduction in the amount of salt tax and the former suggested that the deficit be met by a temporary surcharge of half an anna per rupee in respect of income-tax, super-tax and customs collections. He also advocated the retention of the export duty on raw hides and skins at 15 per cent. Sir Montagu Webb pleaded for a four anna silver duty and expressed his agreement with the Finance Member that the time had not yet come for final attempts towards stabilising exchange. Mr. Samarth claimed that certain charges amounting to little less than four crores of rupees had been wrongly charged to the revenue account and should, according to well accepted principles be charged to the capital account which would practically wipe off the deficit. These were charges relating to the construction of works which would benefit posterity and for which the present generation was not justified in paying. An export duty on petrol was also suggested, and Mr. Jannadas Dwarkadas asked for an export duty on Jute, as a means of meeting the deficit. Mr. Innes showed that the suggestion for an export duty on petrol was unacceptable as it would injure that trade and might force the Burma oil companies to raise the price of kerosene oil to cover their loss over petrol; the result would be that the Government would get less revenue and the Indian consumer of kerosene would be hit. His Excellency the Commander-in-Chief claimed that the reductions proposed were real and substantial, covered the whole field of military expenditure and included a considerable reduction in the number of fighting troops both Indian and British. But he could not subscribe to the hope expressed by the Inchcape Committee that in future the military budget might be reduced to Rs. 50 crores. In giving his concurrence to the cuts, the Commander-in-Chief said, he had been primarily influenced by the paramount need of balancing the budget and also by the better conditions, both internal and external, which twelve months ago were such as not to justify the risks which he was this year taking. His Excellency declined to admit that the army was either too efficient or too strong for the country's needs, but he felt that the Government would be justified in taking some of the risks involved from an exclusively military point of view when they were confronted with a financial disaster which an unbalanced budget would

force upon the country. He assured the House that the reductions would leave the fundamental organisation of the army practically unimpaired. He hoped that the final settlement of the problem of Waziristan would soon be achieved and with peace in this turbulent country there would be a considerable reduction in their financial commitments. His Excellency expressed his entire sympathy with Sir Sivaswamy Aiyar's advocacy for improved accommodation for the Indian sepoy and for an equitable and just settlement of the capitation grants. Sir Basil Blackett in winding up the debate adhered to the position which he had taken up on the 1st March. He assured the House that further reductions beyond those included in the estimates were impossible. Alternatives of taxation, such as the silver duty or cotton duty, would provide only a partial remedy and would be more burdensome economically on the poor than the salt tax; moreover, all these alternatives had already been carefully examined by the Government. Sir Basil promised to consider Sir Gordon Fraser's suggestion in respect of the surcharge on income-tax and customs collections. In defending the proposed salt tax the Finance Member assured the House that the Government had not light-heartedly decided upon it, but was honestly convinced that among all the other experiments it would do the least damage economically and would most easily cover the deficit. The Finance Member in opposing Mr. Samarth's suggestion for the transfer of certain charges to capital expenditure remarked: "I do hope that the House will not be led away into by-paths in which deficits will suddenly reappear as surpluses. It is so easy to manipulate accounts. But what is the position at the end of the year supposing you say that this or that building is a capital expenditure, this or that expenditure on irrigation which will not yield any revenue,—most of which indeed involves expenditure in the future years? Once you have got a building, you have got to maintain and repair it. You say it is a capital charge and therefore you are not going to charge it to Revenue. It is not part of the revenue of the year. Supposing 4 crores are spent in that way in the year; at the end of the year your unproductive debt is 4 crores higher, you have got to find interest. You have indeed got an additional asset which may possibly be a costly one. There is the cost of keeping it up. It would merely mean the piling up of unproductive debt." He maintained that the waiting policy was the best in respect of exchange at the present moment. The Finance Member also opposed further reduction in railway expenses because he felt that to invent a surplus at the cost of repairs and renewals would be undesirable finance. In conclusion, the Finance Member held that the House having agreed to cover the deficit it would find that the Government's suggestion to meet it by the salt tax was the best.

The general discussion on the budget in the Council of State took place on the 7th March when 13 non-official members participated in it. The opposition to the salt tax was not as strong in the Council of State as in the Assembly, while the demand for the reduction of military expenditure was almost as strong. The budget as a whole met with a warm reception, Sir Maneckjee Dadabhoy calling it "a common sense budget based on well-recognised canons of taxation." Professor Kale said that he would rather leave the deficit uncovered than permit

...the salt duty, and Sir Dinshaw Wacha believed in the distinction in the consumption of salt and affect the people. Mr. Lalubhai Samaldas opposed the salt duty on the ground of increase by the capitalisation of railway annuities, and a surcharge on gross shipping. Sir Feroz Hayat Khan welcomed the salt tax which, he thought, would be an extra burden on the public specially when the prices of other commodities had gone down. Sir Arthur Froom refused to accept the extra Rs. 1'4 per maund excise on salt would be a heavy burden. Sir Zulfiqar Ali Khan also defended the salt duty. As no any justification for the opposition the Assembly Sir Dinshaw Wacha asked for the appointment of a strong committee to examine taxation and revenue, and that only items of a productive character were levied and did not over-run the revenue.

the Central Government and the expenditure of the Government are as follows in the estimates placed before the

	Rs.
1,26,61,71,000	
1,30,57,82,000	
	<hr/>
4,26,21,000	

The Government had a reduction of 4 crores made in the original estimate. It was left to the recommendations of the Retrenchment Commission. The Government of India found it possible to make a reduction of 4 crores. But the Assembly persisted in its demand for a reduction of 4 crores when it voted on the demands for grants. The Government had to stop for discussion motions for reduction were not allowed. The Government aimed merely at raising important issues. The Government had the Government of India by way of illustration. By means of the Government of India the Assembly expressed its desire for a reduction of 4 crores. The Government of the Labour Bureau whose abolition was recommended by the Indigo Committee. By means of a reduction of 4 crores of Indians in the Government of India the Government of India. Similarly, the question of a reduction of 4 crores was raised by Munchi Iwar Saran. The Government of India to the Political Commission. The Government of India members of the Indian Civil Service. The Government of India and from amongst men of the Government of India. Munchi Iwar Saran by the Government of India to protect what he called the Government of India. Mr. Thompson in the Council of the Government of India. By the Assembly over the Government of India. The Government of India as a result of the Government of India.

tions in the estimates was naturally limited, but the Assembly nevertheless made the following reductions:—

	Rs.
Customs	4,00,000
Railways	50,00,000
Railways	1,14,00,000
General Administration	5,10,000
Stamps	1
Miscellaneous; Public Services Commission	3,00,000
TOTAL	1,76,10,001

Of these cuts the Governor General in Council has decided to restore the cuts of Rs. 1,14,00,000 under Railways and Rs. 3,00,000 under Miscellaneous.

When the Finance Bill came up for discussion on the 19th March, the Finance Member stated that the estimates of expenditure including Rs. 9,00,000 which was regarded as a necessary provision for supplementary grants and which would probably be required to replace the cuts made by the Assembly, amounted to Rs. 1,33,85,62,999 while the estimates of revenue came up to 1,30,16,42,000 making the deficit on that basis Rs. 3,68,83,999. The salt tax was strongly opposed and after a four hours' discussion the Assembly failed to secure a formula which would cover the deficit by a form of taxation acceptable to the House. At the suggestion of Sir Sivaswamy Aiyar the Assembly adjourned and an informal conference was held with a view to discovering if some sort of agreement could be reached, but the conference proved abortive. The Bill came up again on the 20th March when it was strongly defended by Sir Basil Blackett, Sir Malcolm Hailey and Mr. Innes who maintained the economic soundness of the salt tax. They assured the House that it was after a searching examination of the taxation schedule that they had decided that the salt tax offered the only and final solution of their difficulties. They were aware that last year this tax had been refused, but there was a world of difference between the circumstances then prevailing and those of the present year. All possibilities of retrenchment had been examined and the Government had loyally carried out the retrenchments in expenditure recommended by the Inchcape Committee. The Budget was indeed based on the somewhat sanguine assumption that all the cuts recommended by that Committee would be put into force with the least possible delay. They were now presenting to the world the spectacle of having tried all possible cuts and still failing to meet the deficit. Impaired credit, it was urged, would mean higher interest payments on borrowings both in India and in England. After the failure at the informal conference to arrive at an agreement, when political, sentimental and all other considerations put forward by the opponents of the salt tax had been fully weighed, the Government had not lightly decided to go on with a proposal which raised constitutional implications such as might involve the Viceroy in the heavy responsibility for coming to a decision on a question of so momentous a nature. In asking the Assembly to take this last important decision the Home

Member said; "The one thing that we want now is a courageous and a consistent attempt to get into a position where we can at last see daylight. If it requires courage on your part, believe me you are not alone in that. It has required on our part also courage, for we know that we run the risk of incurring much criticism, much misrepresentation, and even discontent. . . . It is only by facing the situation now that you can put the finances of India into a condition when India itself can, with something like a serene outlook on the future, set to work to readjust its relations with the Provinces, to provide Ministers, who are the chief agents of reform in the Provinces, with means to make their provision real, it is only then that you can look with anything like a clear and serene vision on the future." Examining the economic effect of the salt tax Mr. Innes pointed out that it would be negligible when they remembered that at a time of considerable ease due to the fall in prices, specially in foodgrains such as wheat, the poor would not feel the burden of three annas per head per annum in which was also included the consumption of salt by cattle. In spite of the official speeches, the non-official composition was unbending. Political objections were raised in opposition to the measure and the constitutional and financial issues involved were emphasised. Mr. Rangachariar feared that by doubling the salt tax the Government was proposing a permanent source of revenue for standardising their expenditure at this year's level. He thought that India's credit stood sufficiently high not to be impaired by a small deficit. Mr. Jannadas Dwarkadas appealed to Government not to insist on salt tax as it would be a messenger of revolution and would be followed by grave constitutional consequences. The other opponents to the salt tax were Dr. Gour, Mr. W. Hussanally, Sir Montagu Webb, Mr. Seshagiri Aiyar, Sir Deva Prasad Sarvadikary, and Mr. Manmohandas Ramji. Chaudhri Shahabuddin's motion to raise the salt tax to Rs. 2 in place of Rs. 2-8 as suggested by Government was rejected by 55 votes to 48, and finally Mr. Rangachariar's motion rejecting the proposed enhancement and maintaining the present rate was carried by 59 votes against 44. Mr. Rangachariar's attempt to retain the 15 per cent. export duty on hides and skins received little support and Sir Montagu Webb's suggestion, which was not made until the last stage of the debate, for drawing upon the Gold Standard Reserve to meet the gap was described by the Finance Member as the most unsound of all the unsound suggestions which Sir Montagu had put forward, foundering deeper and deeper in sentimental finance with each stage of the crisis. Reference has already been made to the President's ruling that proposals for taxation could only be embodied in the Finance Bill if they were made by a member of the Executive Council, and such discussion as there was on alternative taxation showed that there was no alternative which would not meet with considerable opposition from some quarter or other and no second proposal which was likely to command both the support of the Government and the approval of a majority in the Assembly. Eventually the Finance Bill as amended by Mr. Rangachariar's motion in respect of the salt tax was carried.

The Finance Bill, as recommended by the Governor General, came up before the Council of State on the 23rd March and was passed by a majority of 28 votes against 10. By this decision the Council of State reversed the vote of the Legislative Assembly in respect of the salt duty.

and fixed it at Rs. 2-8-0 as originally proposed by Government. Here also the salt tax was severely opposed by several non-official members including Mr. Srinivasa Sastri, Professor Kale and Mr. Lalubhai Samaldas. Sir Maneekjee Dadabhoy remarked that the consideration of money bills was primarily the concern of the Assembly and no such grave emergency had arisen as to necessitate the Council of State being invited to overrule the decision of the other House. The European non-official view was expressed by Sir Alexander Murray who was satisfied that all possible cuts had been made in expenditure and that the salt tax was the least objectionable. The Maharaja of Darbhanga, the Raja of Kollengode and Colonel Sir Umar Hayat Khan were among those who supported the tax and were prepared to face the public odium because they were convinced that the salt tax was the best.

On the 26th March with crowded public galleries and a record attendance the Assembly met in an atmosphere of tense excitement to consider the recommendation of the Governor General to pass the Finance Bill in the form in which it had emerged from the Council of State. Sir Basil Blackett impressed upon it the serious financial decision it had to take and appealed for united action in order to balance the budget. Mr. Jamnadas Dwarkadas contended that the financial and political aspects could not be separated and asked the House to benefit by the past experience and not to pass the tax to which India to every man stood opposed. Sir Campbell Rhodes remarked that the poor man did not complain of such a small rise in salt tax but an uncovered deficit would mean a burden on the poor by bringing about inflation and he asked the House to remember that on their action would depend the rate of interest on their impending loans. Sir Montagu Webb said that the imposition of the salt tax in the manner in which it was being done in the face of the opposition of the Assembly, was fraught with danger to the successful development of the Reforms. He reminded Government of the fine record of the Assembly which had agreed to several millions sterling of taxation within the last two years and he appealed to Government not to insist on covering the "office-made" deficit. Sir Malcolm Hailey emphatically denied that Whitehall had pressed for the salt tax and asked the House to keep in view that the proposal had been made by Government of its own initiative. It had not been made in European interests or to put the Government in funds for any forward military policy or to further any other scheme of theirs, but solely in the interests of India alone and her credit which would be in danger if the budget remained unbalanced. Sir Malcolm claimed that never before had the Government been more ready to investigate alternative methods of taxation but the non-officials had failed to advance any with a fair prospect of acceptance by the House. The adverse effect on business of the existing state of finances could not be over emphasised, and the steps the Government were taking under the reserved powers were perfectly constitutional; no one had ever suggested that such powers should be kept only for show and not for use; Government were satisfied that the occasion fully justified their resort to them. The Home Member refused to believe that it would break up the reforms; it was by no means a death blow to the reforms, but an opportunity for the reforms as it offered the Assembly an occasion to complete its good work and to raise its status which in the eyes of the world must depend

officer in the course of an investigation. In the Assembly an amendment was carried against Government which would have meant that the accused would have been allowed to inspect any such statement made by a prosecution witness. On behalf of the Government it was urged that this course would be very detrimental to the public interests. The course finally taken in the Council of State was the result of a compromise and it does not allow inspection of such statements to the accused; but if he desires, he must be given a copy of the statements unless the Court is of opinion that any part of the statement is not relevant to the subject matter of the inquiry of trial or on the other hand that its disclosure to the accused is not essential in the interests of justice and is inexpedient in the public interests. That is, even though the disclosure of such a statement to an accused person may be inexpedient in the public interests, it must, on the clause as finally redrafted, be given to the accused if it is essential in the interests of justice. Two other changes made by the Council of State in the amendments made by the Assembly related to sections 195 and 406. The amendment of section 195 as proposed by Government did not call for very considerable comment in either House. There was, however, much discussion on the proposed new section 406 which deals with appeals from orders requiring security for keeping the peace or for good behaviour. At the present time orders requiring security for keeping the peace are not subject to appeals, and orders requiring security for good behaviour are only appealable if made by a magistrate other than a District Magistrate or a Presidency Magistrate. Under the section, as ultimately amended, appeals will lie in all these cases. Normally they will lie from the Presidency Magistrate to the High Court and from any other magistrate to the Court of Sessions, but the Local Government has been given power to direct by notification in the gazette that in any district appeals from such orders made by magistrates other than District Magistrates or Presidency Magistrates shall lie to the District Magistrate and not to the Court of Sessions. Though for want of space a fuller examination of these provisions, mostly of a technical nature, has not been possible, it should not be forgotten that the Bill, as finally amended, makes many changes in the law of criminal procedure which it may be hoped will effect considerable improvements.

The most important measure, however, because of its scope, its effect on Indian politics, and the manner in which it has solved one of the oldest controversies in India, was the Criminal Law Amendment Act, 1923, popularly known as the Racial Distinctions Act. It will be remembered that Mr. Samarth moved a resolution demanding the abolition of all racial distinctions and that resolution with certain amendments was carried in September 1921. A Committee, with Sir Tej Bahadur Sapru as President, on which legal talent and European and Indian interests were adequately represented was appointed and it made certain recommendations on which the Bill was mainly based. There were, however, two departures from those recommendations: the definition of the European British subject was widened so as to include Colonials and a provision was made to the effect that in the case of persons subject to the Naval Discipline Act, the Army Act or the Air Force Act, when accused of

certain offences, the Advocate General would be bound, if instructed by a competent authority, to move the High Court for the transfer of the case to that Court and that Court would be bound thereupon to transfer the case. Among the most important alterations in Criminal Procedure which the Act effects are the following: It enables all first class magistrates, whether or not they are Europeans and Justice of the Peace, to inquire into or try offences in which Europeans are involved, though some limitations have been put upon the powers of 2nd and 3rd class magistrates, and trial by jury in the case of a European before a District Magistrate has been abolished. It empowers Sessions Judges to pass sentences of death, penal servitude, or imprisonment and fine, or any sentence other than whipping on Europeans just as they can on Indians. It gives both the European and the Indian British subject, when on his trial in a Court of Sessions or High Court, the right to claim a jury consisting of a majority of his own countrymen; in regard to assessors an European accused can, in such a trial, claim that all the assessors shall be Europeans and the Indian can claim that they shall all be Indians. As against the verdicts of juries in racial cases there is an appeal provided to the High Court both on a matter of fact as well as on a matter of law—a provision which will, under the new procedure, enable the local Government to file an appeal against an order of acquittal passed in any such case whether the person acquitted is an European or an Indian. Special provisions have been made in Chapter XXXIII relating to cases, which would not ordinarily be tried by the Court of Sessions, in which European and Indian British subjects are concerned. The trying magistrate is to decide whether the case is one involving racial considerations which should be tried under the provisions of this Chapter; if the magistrate rejects the claim that the case should be so tried an appeal lies to the Sessions Judge whose decision will be final. If it is decided that the case should be tried under the provisions of this chapter and it is a warrant case it will be committed for trial, unless the accused is discharged, to the Court of Sessions; if it is a Summons case it will be referred to a Bench of two magistrates of the 1st class of whom one will be a European and the other an Indian. Provisions have also been made for reference to the Sessions Judge in case of difference of opinion between the two magistrates, and for appeals. It will thus be observed that in racial cases the jurisdiction of Indian Magistrates over the European accused and of European Magistrates over the Indian accused has been preserved. Lastly, the provisions in the nature of *Habeas Corpus*, contained in Chapter XXXVII of the Code of Criminal Procedure, 1898, have been so extended as to confer on all High Courts in relation to all persons, whether Europeans, Indians or Foreigners, the wide powers which they formerly possessed under section 456 of the Code in respect of European British subjects only. There was a good deal of discussion on this measure, several amendments were moved and protests were entered against the two departures the Secretary of State had, in according his sanction to the introduction of the measure, made from the recommendations of the Committee. But it was recognised that it would be inadvisable, on the one hand to press those which went beyond the compromise arrived at by the Committee and on the other hand to insist on such as were entirely unacceptable to

Government and might wreck the Bill. In agreeing to the two departures from the recommendations of the Committee against which strong protests had been entered the Assembly showed in no small measure the practical spirit in which it approaches such questions. The only change made by the Assembly was that it provided for appeals against sentences of whipping—a change which was opposed in the Assembly by the Government but to which, when actually made, they gave full effect by moving some necessary consequential amendments in the other chamber. It is significant that with an Indian in the Chair, in a spirit of enviable friendship and harmony, the Assembly set its seal of approval on a measure which, as the Home Member claimed, ought to go a long way in uniting Europeans and Indians in building up the political future of the country. The measure also received the approval of the Council of State.

From the labour point of view, the Workmen's Compensation Act was no less important than the Act just referred to. Though marked by a spirit of caution, needful in a country like India where industrial life is in its infancy, it has the merit of seeking to avoid the evils of similar legislation in other countries by reducing to a minimum the scope for litigation. The principle that workmen should receive compensation for injuries suffered from accidents arising out of and in the course of their employment has been accepted, and the Act is to come into operation on the 1st July, 1924. It is intended to benefit workers in factories and in mines; railway and tramway workmen; certain classes of workers on ships; the great majority of dock labourers; certain classes of persons employed in the building trades; telegraph and telephone linesmen; underground sewage workers; members of fire brigades; but persons who receive more than Rs. 300, unless they are manual labourers or railway workers, are not eligible for compensation, and if workmen are drunk or disobey orders or remove safety devices they will not receive compensation for any accident which might in consequence result. In the case of fatal accidents, compensation for adults is 30 months wages of the deceased workman subject to a maximum of Rs. 2,500. In the case of a minor, the compensation is Rs. 200 which is intended to cover funeral expenses. Where the workman suffers permanent injuries which did not result in death, compensation is on a different scale. For injuries which incapacitate a man completely for life, such as loss of eye sight, the compensation payable to an adult is his wages for 42 months, and to a minor his wages for 84 months. There is a maximum in each case of Rs. 3,500. If the injuries do not completely disable the workman the compensation is to be based on the loss of the earning capacity. All these payments are to take the form of lump sums and would normally be paid by the employer. The case of temporary injuries is different. The rule here is that adults are to receive half their wages and minors two-thirds, subject in each case to a maximum of Rs. 30 a month. Payments are to be made twice monthly while disablement lasts. The waiting period before compensation comes into operation is fixed at ten days. Compensation is also payable in some cases for diseases which the workman might contract. Three such diseases—anthrax, lead poison and phosphorous poisoning—

are specified in the Bill, and special classes of workmen liable to contract these diseases are named. If a workman in one of the specified classes contracts one of the scheduled diseases he will be entitled to compensation. The Act provides for the administration and settlement of disputes by special commissioners. This is designed to avoid legal intricacies and the delay of the ordinary civil courts. From the decision of the commissioner an appeal will lie to the High Court only on questions of law; and this only if the amount in dispute is at least Rs. 300. Further, if the parties agree beforehand to abide by the decision of the commissioner, his decision will be final. Neither the workman nor the employer can apply to the commissioner until an endeavour has been made to settle the dispute by agreement.

A few more Government measures of considerable importance might be briefly mentioned. The mines in India very often employ labour less as individuals than as families, and this naturally makes any attempt to restrict the employment of women and children in the mines one that should be circumspectly undertaken. The Mines Act passed last session therefore assumes considerable importance. It is progressive and definitely prohibits the employment and presence of children in mines, and looks forward to the time when the work of women can be dispensed with. The opportunity offered by the amendment of the old Mines Act has also been taken to limit the hours of work in a mine to 60 hours above ground and to 54 hours below ground per week and to prescribe a weekly holiday.

The Act dealing with the suppression of traffic in women and children is also one of considerable importance and ought to have far-reaching effects. The Cantonments Bill which was introduced towards the end of the session aims at liberalising the administration of cantonment areas on municipal lines. Another measure brought forward by Government in response to the demand of Dr. Gour and other progressive members of the Legislative Assembly to settle doubts which had arisen as to the capacity of women to be enrolled and to practise as legal practitioners in Indian High Courts was also passed.

Turning to non-official Bills, Mr. Kamat's Bill to amend the Married Women's Property Act, in order to provide that a policy of insurance expressed on the face of it to be for the benefit of the wife or the wife and children of the insurer shall automatically become a trust for their benefit, was passed into law. Mr. Latthe's bill, known as the Hindu Ceremonial Emoluments Bill, intended to obviate a judicial decision to the effect that a hereditary priest entitled by custom or usage to officiate at particular ceremonies of a religious nature is entitled to claim his customary fees whether he has been called in to officiate or not, which had been passed by the Assembly in the previous session, was thrown out by the Council of State, principally as a result of the objection urged by Sir Leslie Miller and Mr. Khaparde that it sought to destroy certain vested rights without providing compensation for them. Maulvi Abdul Kasem succeeded in piloting his Mussulman Waqfs Registration Bill in a much

simplified form and his Code of Criminal Procedure (Amendment) Bill dealing with the legal status of mukhtars through the Assembly and these now await their passage in the Council of State before they are embodied in the law of the land. Two Bills of Mr. Seshagiri Aiyar, of which one has the effect of including certain classes of heirs which had hitherto been excluded under the Hindu law from inheritance and the other of altering the order of succession under the Hindu law in favour of certain classes of heirs, were passed by the Legislative Assembly, while his Bill regarding the prevention of deferred rebates was introduced and ordered to be circulated for opinion. A Legal Practitioners (Amendment) Bill introduced by Mr. K. C. Neogy was referred to Select Committee. Dr. Gour again took a prominent part in the legislative work of the Assembly. His special Marriage (Amendment) Bill for which he has been fighting for a long time was passed by the Legislative Assembly, in a considerably different form from that in which it was introduced in that it made provision for the rights of succession of and to persons of Hindu and other kindred religions adopting the civil form of marriage, and is now to be laid before the Council of State. The report of the Select Committee on his Code of Civil Procedure (Amendment) Bill was presented, and his Legal Practitioners (Amendment) Bill was referred to a Select Committee. The motion to refer his Indian Contract (Amendment) Bill to a Select Committee was lost and that regarding his Adoption Registration Bill was withdrawn. The motion to refer his Hindu Coparceners Liability Bill to Select Committee was also lost. Mr. Rangachariar's Code of Criminal Procedure (Amendment) Bill was referred to Select Committee, but the motion to refer his Transfer of Property (Amendment) Bill to a Select Committee was lost. Several Bills including these introduced by Mr. M. K. Reddi Garu, Lala Girdhari Lal Agarwala and Mr. K. Muppil Nayar are pending at various stages.

Conclusion.

The foregoing facts afford ample justification for the claim made earlier in this review that the last Delhi Session would remain the most important in the history of the present Legislature. Judging by the important answers elicited, resolutions passed, and legislation achieved, the supporters of the reforms may well be proud of what those who have worked them have been able to accomplish. And when one realises the pertinacity with which members follow their subjects, their grasp of complicated questions, the ability and independence which they bring to bear on their work, and the jealousy with which they guard their rights, privileges and powers, one cannot help admiring their devotion and their sense of duty. A session during which a policy of discriminating protection was adopted, and a step of great significance on the vexed question of Company versus State management of railways was taken would, independently of other achievements, remain a record session to the Indian politician. But when these successes are measured along with the passage of an Act like the Racial Distinctions Act—the product of a spirit of reasonableness and readiness to sacrifice opinions for the sake of agreement, which put an end to a controversy of over 40 years' standing, no one can successfully persist in belittling the value of

the reformed constitution. To those who seek to minimise this record by accusing non-official members of having been dominated by a spirit of compromise, the answer is clear and simple; it is the essence of political sagacity to take the best which is available rather than to imperil substantial gains by disrupting the atmosphere of harmony and good will which has yielded such eminent results. That the certification of the Salt Tax came as a disappointment to many persons, is undeniable, but the occasional occurrence of incidents such as this is a necessary concomitant to the present transitional constitution. Taking the record of the Legislature as a whole, it would be idle to minimise the magnitude of its achievements. The steady and far-reaching influence it has exerted over every branch of the Executive is not to be shaken by a rare employment of the Governor General's "reserve" powers. This influence has laid a sure and firm foundation for the future structure of responsibility; and those by whose efforts it has been consolidated may rest assured that they have won for themselves a place of honour in the history of this country.

India's Parliament.

PART I.

10th February 1923.

MESSAGES OF CONGRATULATION ON THE BIRTH OF HER ROYAL HIGHNESS PRINCESS MARY'S SON.

Mr. T. V. Seshagiri Aiyar (Madras: Nominated Non-Official): Before the regular business of the day begins, I ask your permission, Sir, to move a Resolution which I am quite sure will be carried with acclamation by the whole House. We saw an announcement in the papers the other day that Her Royal Highness Princess Mary had a son born to her. That makes the first grandson to His Imperial Majesty the King-Emperor. Sir, according to Hindu ideas the very name of a king signifies that he gladdens the hearts of people and a true subject is he who rejoices in the success and happiness of the Royal household. Sir, we are very happy that His Imperial Majesty has the first grandson through his daughter, Princess Mary. We wish you, Sir, to convey to the Princess our hearty congratulations on the birth of a son and to His Imperial Majesty our felicitations on the birth of a grandson.

Mr. N. M. Samartā (Bombay: Nominated Non-Official): Sir, I associate myself with what has fallen from Mr. Seshagiri Aiyar, and I have been asked by the National Party to request you to convey the same message to His Imperial Majesty the King-Emperor.

Sir Campbell Rhodes (Bengal: European): Sir, on behalf of the non-official European community, I have much pleasure in endorsing the Resolution proposed in such eloquent terms by my Honourable friend, Mr. Seshagiri Aiyar. The general rejoicing throughout the Empire at the birth of a son to the daughter of our beloved Emperor will be echoed widely throughout this land, where the advent of a son and heir is not only a happy social event but is also an event of deep religious significance. I heartily support the proposal.

Dr. Nand Lal (West Punjab: Non-Muhammadan): Sir, I most heartily share the view which has been placed before this Assembly by my learned friend, Mr. Seshagiri Aiyar. The birth of a son is an indication of great happiness, and I think the whole Empire will rejoice in it. With these few remarks I support the motion.

Mr. President: The question is that the President be instructed to convey an expression of the profound pleasure and thankfulness of the Legislative Assembly at the birth of a son to Princess Mary; and that a dutiful and royal message be conveyed to His Majesty the King-Emperor of the pleasure of the Legislative Assembly at the birth of a grandson.

The motion was adopted.

24th January 1923.

POLICY OF HIS MAJESTY'S GOVERNMENT WITH REFERENCE TO THE GOVERNMENT OF INDIA ACT.

The Honourable Sir Malcolm Hailey (Home Member): Sir, I have to lay on the table a copy of a despatch from His Majesty's Secretary of State for India, Public No. 62, dated the 2nd November, 1922, regarding the policy of His Majesty's Government with reference to the Government of India Act.

Rao Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): Are copies available to the Members?

The Honourable Sir Malcolm Hailey: Certainly.

INDIA OFFICE, LONDON,

2nd November, 1922.

Public,
No. 62.

TO HIS EXCELLENCY THE RIGHT HONOURABLE THE GOVERNOR GENERAL OF INDIA IN COUNCIL.
MR LORD,

More than a year has elapsed since Your Excellency's Government forwarded to my predecessor the report of a debate which took place in the Legislative Assembly in September of last year, as a result of which a motion was carried recommending that the Secretary of State should be informed that the Assembly was of opinion that the progress made by India on the path to responsible government warrants a re-examination or revision of the constitution at an earlier date than 1929. On the 28th February last my predecessor stated, in reply to a question put to him in the House of Commons, that he intended to address a Despatch to Your Excellency's Government in reply to this motion, which would follow generally the lines of his speech in the course of the debate on the address a fortnight earlier. Circumstances, however, prevented the fulfilment of this intention, and since it has fallen to myself to make the reply which it is desirable that the Assembly should receive, I do not imagine that Your Excellency's Government will have expected that I should address myself to so large and important a question without mature consideration, even though some further delay was involved.

2. The result of my consideration is that I have little to add to, and nothing to qualify in, the statement of the case made by my predecessor in the concluding portions of his speech in the House of Commons on the 14th February last. The policy deliberately adopted by Parliament in enacting the Act of 1919, and recently reaffirmed by the present head of His Majesty's Government, was to provide an instalment of self-government, but at the same time to make further progress in that direction dependent upon experience of the practical results achieved in the working of the new constitution as a whole. It would have been a matter for surprise had any speaker in the Indian debate of September of last year attempted to prove as the result of six months' experience of a new constitution that its possibilities were exhausted and that nothing remained to be learned from further experience of its operation. No such attempt was made, and the arguments used in support of the motion consequently lose some of their cogency in my view, for three reasons. In the first place, they assumed that progress is impossible under the existing constitution, and can be achieved only by further amendment of the Government of India Act. This assumption I believe to be fundamentally erroneous.

3. The outstanding feature of the change made by the Act of 1919 was that it provided British India with a progressive constitution in place of an inelastic system of government, and that consequently there is room within the structure of that constitution for the Legislature to develop and establish for themselves a position in conformity with the spirit of the Act.

4. In the second place, however great the merits shown by the Legislatures as a whole and by individual members (and I am far from wishing to underrate them), the fact remains that the merits and capabilities of the electorate have not yet been tested by time and experience. The foundation of all constitutional development must be the presence of a vigorous and instructed body of public opinion operating not only in the Legislatures, but—what is even more

PART I.]

INDIA'S PARLIAMENT.

important—in the constituencies. Until this foundation has not be assisted, and might indeed be retarded, if fresh res with which the electors have so recently been entrusted.

5. Thirdly, the new constitutional machinery has to be Changes have been made as the result of the Act of 1919 in possibilities not only of the Legislatures, but also of the exee of the success of the new system could pretend to completeness of the capacity of these bodies, as now constituted, to administer duties which, from the point of view of the public welfare, a of the Legislatures; and trustworthy proof of such capacity can of the extent to which the increased association of Indians in bility has justified itself in practice.

6. I would add that, even were these reasons for patien upon six months' experience of its working that a new constit over two years were occupied, stands in need of revision, is to Parliament, since it is clear that sufficient time has not elap to be adequately tested. It would, in fact, be without preced framed to provide a basis for development in whatever dire were to be brought under review within a few months of its in process could hardly fail to deprive the constitution of a larg mining prematurely the precise directions in which further prog

7. I shall be glad if Your Excellency's Government wi to be laid on the table of both Chambers of the Indian Legis

I hav

Your Lordship's

22nd February 1923.

RESOLUTION REGARDING SECRETARY OF INDIAN AUTONOMY.

Rao Bahādur T. Rangachariar (Madras C Urban): Sir, I beg to move the following Resol name:

"This Assembly recommends to the Governor General i to convey to the Right Honourable the Secretary of State of extreme dissatisfaction at his despatch, dated the 2nd N ssembly's Resolution, dated the 29th September, 1921."

Sir, the Right Honourable the Secretary of this Assembly to take some action on his fam November, 1922, for in the concluding paragraph "I shall be glad if Your Excellency's Government Despatch to be laid on the table of both the Cha lature." Sir, he may rest satisfied that not the

which we view his Despatch. Sir, I have no doubt that His Lordship thought he was sending us a nice fruit for consumption. Though, Sir, the Government of India have taken some time to deliver that fruit to us, it requires not a large amount of peeling to expose the rotten nature of the fruit which has been placed before us. That rottenness is not due to the delay in the presentation, but it is due to the inner contents of the fruit itself. Sir, let me examine the Despatch somewhat carefully and with that respect which is due to His Majesty's Secretary of State. On reading it carefully, it appears to me that His Lordship has not even paid us the compliment of reading the debates which took place in the Assembly in connection with this matter. He has merely re-echoed sentiments which Mr. Montagu had to deliver himself of when he was on his defence in the House of Commons on the 14th February, 1922. When that celebrated motion of censure on Mr. Montagu was moved in the House of Commons, he had to adopt the line, in order to get out of the scrape, of abusing both sides. That is a trick which most of us adopt in getting out of a situation, and that is the trick he adopted; and His Lordship, the present Secretary of State, has merely taken the trouble to embody those sentiments with which Mr. Montagu made his defence in another place. Sir, His Lordship says: 'In the first place, they assume that progress is impossible under the existing constitution.' Where did His Lordship get it—that this Assembly assumed that progress was impossible under the existing constitution? On the other hand, Sir, if he had read the opening paragraph of the debates, he would have seen that in the Resolution as presented to this Assembly by my esteemed and revered friend, Mr. Jadu Nath Mazumdar—whose absence we regret to-day—he opened the first portion of his Resolution with a recommendation that the existing constitution, the full measure under the existing constitution, should be used and availed of for extending the constitution. The Resolution as finally adopted with the consent of the Treasury Bench (*The Honourable Sir Malcolm Hailey*: "No.")—I beg your pardon; it was unanimously adopted; no division on it was taken; there were no cries of "No" and it was adopted in accordance with the suggestion of the Honourable the Home Member. I think, Sir, the debate will bear witness to that statement. I do not think I need assert it. It is there in black and white, and no pen and no tongue can erase it. Sir, the Resolution as finally adopted by this Assembly recorded the impressions which were left on both of us who had to work this new constitution, both of us who had to wear the new constitution's costume presented to us from London. Some people refuse to don that costume. But, Sir, we who wanted to co-operate with the Government put on this costume made by the London tailor in order to see whether his fame for making good-fitting clothes could be taken at its full value. Both the Executive and the Legislature put on the garment and it did not require much trial to find out whether the clothes fitted us or not. It does not require many trials to find out whether clothes fit us or not. One trial is enough. There is a vulgar saying, Sir, in the South of India among the agriculturists and the labouring classes, to the effect that one grain of rice from the pot is sufficient for the purpose of finding out whether the rice is boiled or not. One test was enough for us to find out that the new costume did not suit. That is how, after the first session, after trying honestly and earnestly to work the constitution, both the parties who had to wear it, the Executive and the Legislature

—and I emphasise this aspect of the case—came to the conclusion, no doubt early enough, in September 1921, that it was not a costume that fitted us. I say, Sir, that the rules and the regulations contained in the Act and the rules framed under the Government of India Act were not sufficiently broad enough for successfully working the reforms in this country, and that was the opinion we recorded ; so His Lordship is in the first place wrong in assuming that we assumed that progress was impossible under the existing constitution. Then His Lordship is generous enough to say that the outstanding feature of the change made by the Act of 1919 was that it provided British India with a progressive constitution in place of an inelastic system of Government and that consequently there is room within the structure of that constitution for the Legislature to develop for themselves a position in conformity with the spirit of the Act. Nobody denied that ; only His Lordship has not cared to go into details as to the respects in which the existing constitution can be developed and as to where the elasticity comes in ; and has he with his own hands helped in making it more expansive, more useful ? Has His Lordship examined his own position in the matter ? If he had looked at certain sections of the Act he could have verified for himself that in his own hands he has powers under which he can act by which he can improve the constitution. Sir, what is the situation of the Central Government ? Here is an Assembly with a non-official majority which at times at least can and does defeat Government on various matters ; although on account of various considerations which I need not detail here, the majority does not assert itself as often as it ought to do. But at the same time, here is an Executive Government which is responsible to—whom ? Responsible to a gentleman who is about 7,000 miles away, who does not come and see the life of this Assembly, who has no real actual vision of the actualities of the situation here, who does not move with the people, who does not see them even, who does not see the conflicting thoughts and conflicting currents which are in operation here, and he has the main string in his hands. He is responsible to—whom ? He is responsible to Parliament. I do not know exactly what the exact strength of the House of Commons is since the Irish separation ; it used to be about 670. How many of them really know anything about India ? How many of them really know anything about the present changed conditions of India ? I am sure that the Executive Government here feel it, and feel it every moment of their life, every moment as they transact their great business and great functions which are entrusted to them for the Government of this vast country. I am sure they feel the difficulties of the situation here. They have to face the music of the popular view, the moderate views in this Assembly, outside it is more immoderate ; and even in facing the moderate voice of the country in this Assembly they realize the difficulties of the grave and responsible position which they occupy. And does the gentleman in London ever loosen the main string which he holds in his hands ? If report is true, he tries to draw it as tight as he can, and latterly he has not allowed that freedom and liberty of movement to the Government of India which is theirs by right. The Central Government of this country ought to be here. I mean that it is impossible to govern this country under modern conditions from London, however eminent the Statesman in charge may be. The real powers ought to be in the hands of the Central Government established in this country. That is the difficulty

we feel when we deal with the Budget. In the very first year of our existence we realized the impotence of the Government and our own impotence in dealing with it. The voted and non-voted heads, the touchables and the untouchables stared us in the face. We can really do no honest work with the Budget, Sir, if really we are intent upon doing good to the country. We are here for that purpose and nothing else. We are not here for personal aggrandisement. We are here to act and advise to the best of our lights to see what good can be done to this country. And when I say that, I include the Executive and the Legislature in the same category. Here then, Sir, we have a gentleman who give the orders for all the fat appointments, all the fat allowances which accompany them, whether they are needed here or not, and we have to find the funds to pay them. They are put aside as untouchables, and here we are to play with a Budget. It is a mere plaything; it is not a serious matter. We do not take any interest. We cannot put our heart into it, and such a state of things could have been rectified by His Lordship the Secretary of State, but, on the other hand, when the question was really raised, what did His Lordship do? Instead of giving a free hand to the Viceroy he took the advice of the Law Officers of the Crown, and took refuge behind that advice and would not allow His Excellency the Viceroy to place the whole Budget before this Assembly. Now, Sir, that is a matter in which His Lordship could well have begun what he suggests should have been done, namely, the outstanding feature of the change made by the Act was its elasticity. Why did he not take advantage of it? Why has he not taken advantage of it even to-day? Therefore, Sir, when he says that we were unaware of it, I am rather led to think that he is himself unaware of his own powers. He could have delegated those powers under section 19 of the Government of India Act which he possesses to the Central Government here instead of trying to keep all the powers in his hands. What are the rules which he has made under that section in order to part with the powers which he and his Council possess in regard to the Government of this country? Why could he not have parted with those powers to the Government of India, or again in the matter of this Budget, as I have said?

Passing on, "In the second place" His Lordship says "however great the merits shown by the Legislature as a whole and by individual Members—(and I am far from wishing to underrate them)",—I rather fear that he really wished to underrate them but that is by the way, we do not care whether he compliments us or not; it is not a question of compliment at all in a case like this—he says "the fact remains that the merits and capabilities of the electorate have not yet been tested by time and experience." Well, who is going to test? When is the time going to come to test? Was this country tested when this constitution was given to us? Who made that test before this constitution was given? The electors to be tested! I am afraid you will have to wait till dooms-day in a continent like this if you are going to test the capacity of the electors. Well, Sir, you have to come to some conclusion on a matter like this. Probably His Lordship was unaware of the great difficulty under which we began the work of these Reforms in the year 1921. Those of us who dared to come here and work the Reforms under the new Reform Act had to face a very unpleasant music from our countrymen. Sir, the country was boiling with wrath and indignation. The shadow of Amritsar had spread as His Royal Highness the Duke of Connaught told us. Sir, the country

was then clamouring for a new constitution. We tried to put down that clamour by showing that by honest work we can do something with the constitution as it was. Sir, this Assembly collectively showed its responsibility and not only this Assembly but the country showed its sense of responsibility when it came to the rescue of Government in putting down disorder which might have shown its ugly head in the year 1921. Sir, everything was ready to burst as my Honourable friend Mr. Jadunath Mazumdar told us in September 1921. It was very nearly on the brink of revolution. Sir, did we hesitate to help the Government on a crisis like this? Was not the voice of this Assembly heard in that connection in putting down this tendency to disorder? Sir, His Lordship of course is not aware of these things. His Lordship is not aware of the difficulties which the Central Government had to face in a situation like that. The Central Government realised it; it saw how the country really was, and when they joined us in September 1921 in sending this message to the Secretary of State they knew full well the situation. Writing 13 months after that date, when the country had quieted down, when this country had accorded, notwithstanding some most objectionable exceptions in places when the country had accorded a right royal welcome to the heir to the throne of England, His Lordship has penned this Despatch. That was the time for His Lordship to pen this Despatch in November 1921. It was a cruel act on his part. We cannot forgive him. Sir, this country has shown considerable patience and it will continue to show considerable patience with British Statesmen at Home, because they are ignorant really of the true situation in this country. It is in that sense we tried to wait and wait, because we are sure things will right themselves in the end. Therefore, as regards this second fact that the merits and capabilities of the electorate have yet to be decided, if that promised Commission at the end of the 10th year—is it 9th year or 10th year? (*A voice :*) “10th year”—at the end of the 10th year, I do not think that Commission is going to find the country fit. Even if it comes when my grandson is alive and when probably he is a Member of this Assembly, even then they will say that the merits and capabilities of the electors and the country have to be tested by time and experience. Sir, you have to take these things as they are. Was England fit? Was it decided in the same way when the Reforms Act was passed? Was any country tested like that? Is it really a thing which any person who has any knowledge of history, any knowledge of the development of institutions, could easily consume? That is why I say, Sir, the rottenness is exposed by its own innate contents and not by the delay which has taken place. “Thirdly, the new constitutional machinery has to be tested in its working as a whole” and His Lordship naively adds the executive Government have not shown themselves fit. That is what His Lordship says in paragraph 5. Is it really true that the executive Governments of these provinces have not shown their fitness under the new constitution? I never heard that charge laid at the executive Governments. It is a charge which the Government of India, I daresay, and the Local Governments will successfully meet, if they have not already met it. I am sure the delay in the publication of this Despatch from November 1922 to January 1923 is due perhaps to this struggle between the Government of India and the Secretary of State whether His Lordship would not have been pleased to remove that paragraph from the Despatch. His Lordship says that. I do not think

time before you can give them any further advance. Of course in regard to Mr. Lloyd George we can excuse his ignorance of this country; he was never there. I don't suppose he has read our history. I don't suppose he has heard of a *panchayat*. We had our caste *panchayat*, we had our village *panchayat*, as he would have found if he had cared to investigate the matter. It may be quite true that in uncivilized Europe democratic Government was never known, but in civilized India, with its ancient civilization, democracy had its origin in village Government. Sir, we never had anything else so far as the actual Government of the country was concerned, so far as the real affairs of the people were concerned. We had the Border Chieftains who merely took something for guarding the frontier, but so far as the internal affairs were concerned, the village *panchayat* held its sway. They collected taxes and they looked after things connected with the village. I wish we could go back to those conditions; they were very happy. But, Sir, Mr. Lloyd George's conclusion that democracy was a new thing in Europe is no argument for denying it. It is only restoring to us what we had for long long years. Therefore we possess that experience, especially in Dravidian South India—I do not know much of Northern India I am sorry to say. But in my own Province, among the Dravidian races, democracy was the rule, and therefore it is nothing new to us. It was born in our blood. It is bone with our bone, and therefore let there be no fear that the thing will be a failure in our country. Sir, in our Resolution we want something which will really be useful to the country. It is not that we are extravagant in our demand, we want only an examination of the existing constitution, and His Lordship has denied it to us. But we are not asking him to reconsider that question; we carefully refrained in framing this Resolution from asking that His Excellency the Governor General in Council be pleased to convey to His Lordship the Secretary of State for India that he be pleased to reconsider. We think it is a hopeless task; we merely express dissatisfaction, extreme dissatisfaction with what he has done. Let him do what he likes. It is not our concern. It is the peoples' concern no doubt, but we cannot help it, as we have to bow to mighty forces. We bow also to the Secretary of State. Sir, in asking for this examination we want to insure liberty, not license, freedom, not anarchy, progress, not stampede, peace and prosperity. I commend this Resolution to the acceptance of the Assembly.

Munshi Iswar Saran (Cities of the United Provinces: Non-Muhammadan Urban): Sir, a friend of mine happened to be in England and he was asked by a young lady, very educated and very cultured, whether Indians built houses in India. This friend of mine, who had a little sense of humour, said, "No, we do not build houses, we have some kind of hammocks where we take rest at night." And the only comment she could make was, "Oh, how interesting." The Honourable the Secretary of State for India belongs to a similar category. (*An Honourable Member*: "Right Honourable.") Right Honourable, I beg pardon. It is a mere matter of chance that His Lordship finds himself installed on the *gadi* at Whitehall. Political exigencies might have relegated him to some other position in some other office. I do not see why my Honourable friend Mr. Rangachariar should be so gloomy about this Despatch. We very well remember Lord Morley's dictum that the fur coat would never suit a tropical climate like India, but Lord Morley, I am

if he thinks that India is going to accept this despatch as the last word on the subject.

Sir, talking about electorates, to which my Honourable friend has referred, let us think what these electorates were like when full responsible Government was given to these Dominions. Look at English history itself and you will find that the electorates were not in the condition in which you find them to-day. They were in the early stages defective. There were thoughtful politicians who at the time had very serious defects to find with the electorates as they existed then; but that was not held to be any valid reason for withholding from them the reforms for which they were fit.

Sir, let me pause here and say this. It is imagined as if India to-day is emerging out of darkness into light. It is imagined as if there is a clean slate in India on which His Lordship the Secretary of State for India and his colleagues have made some figures for the first time. It is imagined, I am afraid, as if all these reforms have been given to a people who were immersed in darkness and barbarism only a few years ago, and that it was with great effort that they were struggling from darkness into light. But, if His Lordship the Secretary of State and others of his way of thinking will pause and study the history of India, they will find the mistake that they commit in making this assumption. Sir, in one word, the position is this. There is this strong, growing desire amongst the people of India to obtain full responsible Government as an equal member of the British Commonwealth within the shortest possible period and I submit, Sir,—I am offering no threat, I am saying so with all respect—that any unreasonable delay in bringing about that goal will mean disaster to India as well as to England. Wisdom and statesmanship lie in making this period as short as possible, so that England and India united together may march on in the service of humanity as a whole.

Sir Deva Prasad Sarvadhikary (Calcutta : Non-Muhammadian Urban) : Sir, when one is obliged to express dissatisfaction with regard to anything extreme or otherwise, it is not good form to say much or to say that over-vigorously. I therefore congratulate my friend, Munshi Iswar Saran, and the Mover of the Resolution on the marked restraint that has been observed by them. I hope that example will be followed. Munshi Iswar Saran's restraint may also be due to another reason. He has been ill of late; we are glad to have him back here. I am rather suspicious, that his illness had a deeper root than ordinary mortal causes. He had a taste of the fruit of which Mr. Rangachariar has spoken. He had given notice of his intention to move for adjournment of the House on this question. (*Munshi Iswar Saran* : "That did not make me ill.") Not being allowed to move it, may have affected him. Time has since elapsed; I would not have answered for the restraint if Mr. Rangachariar, one of the Panel of Chairmen, who presided on the occasion, had allowed him that liberty when he was wanting to move for the adjournment. I shall not say that Nemesis has been at work, but there is a fitness of things, Sir, in Mr. Rangachariar, among many who had given notice of a similar motion, bringing this motion forward and giving us an opportunity of expressing in a restrained fashion the dissatisfaction that we should have voiced much more vigorously on that day. This changed order of things has another moral. I congratulate you and Mr. Rangachariar

on his appointment as a Panel Chairman. The question is not without its bearing on what we are doing to-day. The Legislature is on its trial; we have been told the electorate is on its trial, and the poor Executive Government is also on his trial. The Legislature was on its trial on the day in question in the person of Mr. Rangachariar. He exercised restraint and as Panel Chairman he did not

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allow that notice for adjournment to succeed. He however brings the matter up to-day in another capacity. People who can differentiate like that in their different capacities give more than good promise as to how they are going to behave when they have more responsible powers.

Sir, I do not wish to traverse the ground that Mr. Rangachariar has taken. That could be amplified almost *ad nauseam* if one was inclined to do so. But the one thing I wish to say in connection with this motion is that it was quite on the cards that the ten years' limit that was imposed was not the minimum; it was the maximum. We need not go into the question as to how that information or impression was obtained, let any one who can, gainsay it—the limit was intended as the maximum and not the minimum, and the only real reason why it was not put down as the maximum in so many words was that some Members of the Joint Committee did not want that there should be any loophole for constant agitation if the limit was provided as a maximum. Has agitation been any the less because of the lack of that provision? Is agitation going to be any less? Sir, when the constitution came we were passing through troublous times. There were many who would have nothing to do with it either in the way of advising or working the constitution, and those who did agree to come forward either with advice or assistance later on were in a very difficult position. The War was on then and there was a natural and very laudable desire not to press for any hard bargain. We all thought that when peace came and some trial had been made the matter would be examined a little more dispassionately and a little more without an eye on the main chance. Well, it has been pointed out that much more than six months elapsed while this despatch was drafted, and the mature consideration for which the Secretary of State pleaded was given. Sir, we are told that the new constitution took 2 years to evolve; if at the end of 10 years a Committee is appointed and that Committee takes another 2 years or less or more to evolve another constitution, what would be the position of affairs? Shall we have another State *versus* Company management debate on the eve of the appointment of that Committee, and is there to be an *interregnum*; or is it not better to be forewarned and begin the examination, the results of which need not be given effect to immediately if there is not good ground?

In justice to the Secretary of State we must recognise that he was not a free agent in the matter. He had to deal with Parliament and the Cabinet. He had to reckon with the state of things in Parliament at the time that he came into power and he had also to bargain for the state of feeling in England with regard to India both in and out of Parliament. If matters were put like that by the Secretary of State it would have been intelligent; but when one talks of electorates not being fit, the other side naturally turns round and asks what steps are being taken to educate the electorate? Is it for private Members who come here as representatives of those electorates to go back

to their constituencies and to do what they can in the way of educating the electorates? That has been suggested. I do recognise that that may be a part of the duty and functions of those who represent those electorates. But it is not enough; what has the Government done? What has the Secretary of State done in the way of help for educating that electorate or the Legislature by expanding convention? When it was urged by some that literacy test should be applied to the electorate, the authorities turned round and said: "We don't want to set up an educated oligarchy." And when the electorate makes mistakes—all electorates make mistakes in all countries—the same authorities turn round and say "The electorates have not proved themselves worthy of the trust." The Legislature and the electorate are not the only ones on their trial. So is the Executive Government. One is not quite sure from the Despatch whether by the Executive Government the Members or the Ministers in the Local Governments is meant. So far as the Government of India are concerned, there can be no doubt that the whole of the front Bench here is on its trial for there are no Ministers; but in the Provinces one would like to know whether it is the Minister section or the Member section of the Government that is on its trial. And the failure of which section will count?

I began by saying that in expressing one's dissatisfaction one must not say too much, and I do not wish to say more. This expression of dissatisfaction may or may not do good, but it is up to us to give unequivocal expression to it.

Mr. T. E. Moir (Madras: Nominated Official): Sir, when I examined this Resolution moved by the Honourable Mr. Rangachariar, I wondered what purpose it was that he conceived it would serve. I was convinced that it was not merely to give this House an opportunity of recording its dissatisfaction with the particular course of action taken by the Secretary of State. We seem to be getting into the habit of recording our dissatisfaction with the Secretary of State, but I was perfectly certain that that was not his sole object in moving this Resolution, and I took it that his real object was that he considered it would further the object which the original Resolution, which forms the basis of our discussion—the Resolution of September 1921—had in view; that is to say, that in some way this Resolution, if carried, would forward political and constitutional reforms in this country. I was rather surprised when I heard Mr. Rangachariar say that he had not expected any better results from the original Resolution. Now surely that was merely a form of rhetoric. Surely he did not wish to imply that he and the other Members of this House who supported that Resolution in 1921, had voted for it merely in order to try a fall with the Secretary of State,—that they expected that the answer of the Secretary of State would be exactly what it was. I cannot believe that either Mr. Rangachariar or his supporters on that occasion did, as he would suggest, deliberately try to place this House in antagonism to the Secretary of State.

I was also rather disappointed to find how uncomfortable Mr. Rangachariar seemed to be in his new clothes. Another thing which disappointed me in Mr. Rangachariar's speech was his attitude towards the Reforms. It seemed to me in many ways one of the most reactionary speeches I have ever listened to.

For, what was he looking for? He is not looking forward to the future. He is looking back on it, to the past history of India, to the days when the Raja was the Raja, when the priest was the priest, and the ryots held the plough. It was not with any confidence in the future that he spoke. It was a regret with the past and I should say that if his supporters of constitutional reform and political advance in this country have no more robust constitution than the Honourable Mr. Rangachariar there would be grave doubt as regards the future of that progress and the possibilities of advance.

Now, Sir, I turn to what I suppose was the real object of Mr. Rangachariar in moving this Resolution. He is dealing with the question of further political advance in this country. What is the object that he, this House, we all have in-view? What is it to which we look forward? It is to the raising of India to the position of an equal partner in the British Empire governed by representative democratic institutions. Now, Sir, I think at times we are all apt to take the question of the admission or the retention of India within the British Empire for granted. We assume that that does not involve any postulate. It does involve a postulate and a very big one, and that is that India accepts and works democratic and representative institutions and the people of my country who, after all, are a free people, are entitled to demand assurances that their future partner does accept democratic and representative institutions. Now, Sir, we are rather apt I think to attack the Secretary of State as an obstructionist, we talk of him as the "gentleman at Whitehall." Possibly we think that by saying so we are belittling him. Is it not possible that we are belittling ourselves? We may regard him as a mere obstructionist, as a mere malignant focus of all that is reactionary. But look to the other side. What is his position in England? He is one of His Majesty's Ministers, he is a Member of the British Cabinet, and he holds a very peculiar position in that Cabinet in that he is entrusted on behalf of the people of Great Britain with the task of watching the most important and possibly the most perilous political, may I use the word, experiment that has ever been undertaken. That is the position which he occupies with reference to the British people. Now, Sir, surely if our desire is to foster, to secure a more rapid advance in the constitutional position of India, surely the last thing we ought to do is in any way to antagonise either the Parliament or the people of Great Britain. And is it not possible that when we complain of the action of the Secretary of State the people of Great Britain may take an entirely different view? They may look upon his action as merely the carrying out of those responsibilities and those functions which were imposed upon him under the constitution which had been granted to this country,—responsibilities and functions which he dare not deny or fail to execute. I am not in the best position to speak as to the opinion of people at Home, but may I say,—I may judge wrongly—from all I hear what their opinion is? They were perfectly prepared for such a Resolution as was proposed in September 1921, that they regard it as an exhibition, perfectly natural, of the enthusiasm of the young Assembly. But I am afraid that the step we are asked to take to-day, the steps that we have occasionally taken since that Resolution strike them in a different line, that it really evinces a desire on the part of this Assembly to deny to the Minister who has been entrusted with the task of watching and guiding the reforms on that point the right to do so.

Now, I will turn to the real issue of this original Resolution. It was not a question, as Mr. Rangachariar seems to suggest, merely of whether the Secretary of State or the Government of India within the four corners of the existing Act could extend powers and privileges of this sort. It was a demand for a re-examination and revision of the constitution at an early date. That was what the demand was, not a mere question of what could be done within the scope of the existing constitution. As I suggested at that time, this Assembly was filled with enthusiasm for the new scheme, for the new conditions which would come into being. But are we perfectly certain that, if we are summoned at the present moment before Parliament,—we are perfectly certain in our hearts that we can give them such assurances as they may hold would justify them in granting now a further measure of constitutional advance? Could we assure the House of Commons that our communal differences and difficulties have disappeared? Could we assure the House of Commons that the people of this country as a whole have unreservedly accepted the constitutional powers upon which they have invited us to enter? Could we assure the House of Commons that the electorate of this country and the future electorate is so wedded to democratic and constitutional ideas that it will hold to them steadfastly through good and evil? I give no answer to those questions, but they are questions which this House would have to consider very deeply if it wished to press for a further advance. Now, Sir, surely we recognise that the next stage of constitutional development must follow the same lines as the last stage and all other previous stages did, that is to say, it must be by Parliamentary action and ratified by the consent of the British people. Now, Sir, I am not in the secret of those who I agree at the present moment are deliberating as to how the demand for a further step in advance should be formulated or put forward. I may make one suggestion here and that is that both the nature of the demands and the time when they are put forward should be so chosen that they may feel confident that they will receive a favourable reception at the hands of the British Parliament and it is because of these considerations I consider that the Secretary of State with his knowledge of the state of public opinion and of Parliamentary opinion at Home did a service to the constitutional progress of this country by refusing to consider a demand which he must have been certain would have been refused. It is because of that I do believe he did the greatest possible service to constitutional advance in this country in refusing to accept the invitation of this Assembly to re-open the question of the constitution and I would entreat the House not to give its assent to this Resolution. I believe that if they do so it will again be a step which would be detrimental to constitutional progress, that it will not help to improve relations between this Assembly and the British Parliament and that it will not help further to link together the people of this country and the people of Great Britain.

Mr. B. C. Allen (Assam : Nominated Official) : I hope, Sir, that even at this stage of the debate there is room for the still small voice of conciliation. I was greatly moved by what I heard from my friend, Mr. Rangachariar, when he referred to the sacrifices that he and those who have come with him made when they joined the party of constitutional reform and entered this House. But I was not surprised that he did so. In the first place, if he will

It was based upon the statement made without any authority or any responsibility of the person chiefly concerned that Mr. Gandhi was God. Now we all know that if there is one thing which Indians are, it is that they are religious, and that once they have reason to suppose that any person is endowed with divine attributes, they will follow him blindly to the death. The other cause which swayed the people was the fact that they were told that not only was Mr. Gandhi king, but that as a result of that, he being a *Sanyasi* required no revenue, that land revenue would be either entirely abolished or would be suspended for a term of years, that the forests would be free and that practically no taxation would be imposed. Is it cause for wonder that an illiterate population welcomed such a new-comer with joy? We cannot safely attach much weight to such an expression of the popular will.

I submit, Sir, that the future at the present moment is extraordinarily obscure. We had these reforms introduced; then we had the O'Donnell Circular: I frankly admit that in my opinion the stoppage of recruitment was the logical sequence of the reforms. I come up here; I express that opinion to an esteemed friend sitting in the House, and he tells me that he does not at all like to hear such views from my lips. I feel myself once more at a loss. Take again the whole constitution of India. Is India a country? Is India a nation? India is a continent and a congeries of nations. What have we been seeing only to-day? Has not province been rising up against province? What did we hear only a few short days ago? Did not a Member on the opposite benches get up and warn the House that Burma was likely to secede from the Indian comity of nations? Surely, Sir, we must all feel that when there are such real and genuine risks, such real and genuine dangers ahead of us, it is only right to proceed slowly and cautiously. Speaking for myself, so long as there is a reasonably steady, stable Government in India, I care not a whit whether Mr. Rangachariar or Sir Malcolm Hailey sits on the Treasury Bench. (*The Honourable Sir Malcolm Hailey*: "Nor do I.") But the one thing we all of us ask, and I am perfectly certain that the people of England are with us in that, is that there should be a solid stable Government in India: a Government that can protect its frontiers and that can ensure to every section of the population a reasonable administration of the law, the maintenance of order and the continuance to the people of their inherent right to follow their ordinary avocations in peace and quiet. And to me, Sir, it seems that the Secretary of State in declining to be rushed out of the policy of proceeding slowly has been showing true statesmanship. We are not dealing with machines. We are dealing with living human beings. Our institutions cannot be cast in a factory; they have got to grow. We grow and our institutions must grow with us. That seems to me to be the essence of real statesmanship in dealing with a question of this kind. What did Bismarck say after the first Franco-Prussian war? "We have planted the acorn. It is now for us to watch its growth." And what happened when Bismarck and the Bismarckian policy was thrown aside? The cast-iron German Empire was built up; the fleet was created not as the British fleet is created working from year to year in accordance with our requirements, but created in accordance with the mandate of a stern and inflexible law. And where does the German fleet lie now? Is India to *grow* to majesty

and dignity, or are we to hurriedly put together a jerrybuilt house which will share the fate that always befalls such buildings?

Sir Campbell Rhodes : (Bengal : European) : Sir, as it is now six o'clock I beg to suggest to you that we are all tired and that we might adjourn.

Rao Bahadur T. Rangachariar : Sir, I have no objection to the adjournment if that is the right solution of this question. Sir, I expected the Secretary of State would expect the courtesy of the expression of the opinion of this House on his despatch and that is why we tabled this motion. I think he will have plenty of opportunity to see how we view his despatch, and really it is not my object that we should convey any censure or create any antagonism between the Secretary of State and ourselves. But he must know the truth so far as this country is concerned, that the despatch is viewed with dissatisfaction. The whole point, Sir, is, my critics may be divided into two classes. There are some people who will never improve; who will never improve themselves and who think too that others will not improve. They will always be down with the cry, "India is not fit for anything." My Honourable friend, Mr. Muppil Nayar comes under that category. He cried out against the Montagu-Chelmsford Reforms, he cried against the Morley-Minto Reforms, and he will cry to time's end against any reforms. I do not think such people deserve any serious consideration, but I quite appreciate the friendly spirit which actuates my friends, Mr. Allen and Mr. Moir. I am glad, Sir, for one reason, that my Resolution has been the cause of provoking eloquence from my usually silent friends. We listened to their speeches with great pleasure, and to some portion with amusement. When Mr. Allen said that this country wanted Mr. Gandhi as an Emperor of India, he made a huge mistake, and if all the Indian Civil Service people are such judges of Indians, then I am afraid they are poor judges. They do not know the country then even with all this experience which they have. We know the country much better. We know that such a thing was never the wish of the country really. Of course it is very difficult to postulate what is the will of the people in any country. I do not suppose Mr. Lloyd George knew the will of the country when he was dethroned, but he still spoke in the name of the country to all the nations of the world. But we know what the intelligentsia of the country wants, and that is what counts in every country, not the ignorant masses, but the educated people who can think as to what is good for the country. So far as that goes, I do not think we make a mistake when we say (all sections I am now speaking of) that some further examination is necessary in order to see whether a step forward should not be taken. That is all we want to emphasize in this Resolution.

Sir, I do not want to withdraw this Resolution and I am not anxious either it should go to a division, and if it should end in the way my Honourable friend, Sir Campbell Rhodes, suggests, I will not object to that course, because I am sure the Right Honourable the Secretary of State will peruse these proceedings and see really that the country is not satisfied with his despatch on this very grave issue.

Mr. President : The question is that the debate be adjourned *sine die*.

The Honourable Sir Malcolm Hailey : I myself have no objection to the adjournment of the debate; though I should like to keep the House

for another hour while I explain my own points of view on the subject. If it is adjourned, I must remark that it has been adjourned without my reply on the subject. I wish to keep my right of reply, if it comes up again.

(Voices : " We should like to hear your reply.")

Dr. H. S. Gour : I thought it was Mr. Rangachariar's intention to adjourn the debate *sine die* after hearing Sir Malcolm Hailey.

Mr. President : The Honourable Member from Madras is well able to express his intentions himself.

The question is that the debate be adjourned *sine die*.

The motion was adopted.

24th January 1923.

RESOLUTION *re* EXAMINATION FOR THE I. C. S.

Lieut.-Colonel H. A. J. Gidney (Nominated : Anglo-Indians) : Sir, the Resolution that stands against my name and which I propose to move reads as follows :

" This Assembly recommends to the Governor General in Council that the present system of conducting Simultaneous Examinations for the recruitment to the Indian Civil Service be changed and that a different method of conducting the Simultaneous Examinations so as to give a fair chance to candidates belonging to different communities and different provinces be devised, if necessary, by having a limited form of competition."

Sir, in moving this Resolution, I wish to attack it or deal with it on very broad lines. It is not my desire to interfere at all with the efficiency or the traditions that are attached to the honourable service well known to us all as the Indian Civil Service ; but I move this Resolution standing as I do as a representative of one of the minority communities in India and as such I believe I have every right to place before this Honourable House the views of one of the minority communities, leaving representatives of other minority communities to voice their views. In attacking this subject I do so with great diffidence because I represent a community unfortunately which, for educational purposes, runs a very bad second so far as other minority communities in India are concerned. Why that is so I am not prepared to argue out just now, but let that pass. India as we know—I would call it the continent of India—is a mass of heterogeneous classes and races, talking different languages, with different ideas, and different creeds. There is no doubt that the cementing influence here is the British element. Take that away and I think very few will deny or disagree with me that we are likely to crumble like a pack of cards. The idea is no doubt to Indianise the Services, and being an Indian and citizen of this country I join with them that the idea is to Indianise the Services. Minorities of course claim a place in that. The Indianisation of the Services really means the replacement of the Englishmen by the various communities of India. There is no doubt that the Indian Civil Service which is manned largely by Europeans will in time be replaced by Indians. The cry now is that this Service together with other superior services is manned by Englishmen to a disproportionate extent

compared with the rest of India. How true that is, how necessary it is, it is not my purpose to argue now. But the fact remains that Indians look forward to Indianising the Services entirely in time. Their ideal is to replace Englishmen with recruitment from among their own men, that is, Indians. But when dealing with the recruitment of the Services, the Public Services Commission which sat in 1913, and submitted its Report, apprehended such an eventuality, namely the replacement of Europeans by Indians. Now it is very extraordinary how prophetic or ultra-prophetic has been the safeguard, because if I understand rightly, since the simultaneous examinations have been in practice one province in India has been able to monopolise,—be it said to their credit no doubt,—at least 50 per cent. of the appointments in the I. C. S., and taking that as your criterion, and accepting that as a criterion for the future, it seems as if it is quite legitimate to apprehend that within a few years' time Englishmen will be replaced mainly by one community, or by the community mainly occupying one province. I understand I am right in saying that the struggle just now is between East and South *versus* North-West of India. I do not say that in disparagement of the communities that have succeeded, but there is no doubt that it is going to be the ultimate position unless some safeguards are put into operation in time. I ask this Honourable House to see or to visualise the Punjab being administered by no one else but by people from the south and *vice versa*. I take the same position from East to West, Bengal and Bombay. As I say, India is a continent with a number of communities, each wanting to attain the maximum of speed in regard to communal benefits from the Reform Scheme. The major communities in India are protected and are able to look after themselves, while the minor communities, I regret to say, are being neglected, and it is to protect these minor communities that I, as a representative of the Domiciled Community in India, move this Resolution. In doing so, I think I am in good company when I quote, with your permission, Sir, an extract from the Report of the Public Services Commission from page 172.

"Safeguards and Reservations.—These safeguards and reservations are two in number. First two candidates should be nominated each year by the Secretary of State, on the advice of the Government of India, from amongst graduates of the various Universities, and of an age similar to that of the competitors at the examination. Such nominees who should be termed 'King Emperor's cadets,' should rank as probationers below the other successful candidates of their year, pending the result of the final examination. Otherwise, they should be on an equal footing in all respects. This would make it possible to give representation to young men of good family, who had shown literary attainments of a higher order, but who were not intellectually quite in the front rank. Members of the domiciled community and Burmans might also benefit under this provision."

The Report further goes on to say :

"The Committee itself should be made up so far as may be of persons in touch with educational interests, and should consist of the vice-chancellor of the university concerned, the director of public instruction of the province chiefly interested, and three other members to be nominated by the syndicate of the university whose area is in question. Should it be found that the candidates successful at the examination are coming too markedly from one particular area, we think that the best remedy would be to hold the examination by groups of areas in rotation. But we deprecate any such arrangement unless experience shows that it is absolutely necessary. Subject to these qualifications the examination should be conducted by the civil service commissioners, who, after consultation with the educational authorities in India, should devise a scheme having the same relation to the Indian educational courses, as the examination in England will, under our scheme, bear to the education given in the British secondary schools. To give effect to these recommendations, we recognise that it will be necessary to amend the Statute of 1858, and we advise that legislation be undertaken accordingly,

Well, Sir, these were the safeguards recommended by the Public Services Commission and to avoid a swamping of these coveted posts by any one particular community. I have brought forward this Resolution feeling as I do that those who represent the minor communities will support it. It is up to the Government to suggest which will be the most feasible and the most easy method by which the minor communities could be safeguarded and represented. Personally, I think the easiest solution will be to leave the examinations as they are, and to make certain safeguards and reservations by nominating from among those candidates who have passed the examination, representatives from the various communities. This would give all communities a fair chance; there is no doubt that it will create a feeling of harmony, and this House will be putting into execution one of its primary and most important duties, namely the protection of the minor communities in India. If this House refuses to accept this Resolution, I make bold to say that it will be failing in its duty to discharge one of its most important duties. (*Voices*: "Hear, hear.") I see some Members from Bombay say 'Hear, hear.' I trust it is meant.

Mr. N. M. Samarth (Bombay : Nominated Non-Official) : Ironically.

Lieut.-Colonel H. A. J. Gidney : Sir, I wish to put forward this Resolution and I will ask the House to give it its support and so protect the minor communities in the Motherland of India.

Dr. H. S. Gour : Sir, the Honourable Mover of this Resolution has appealed to the representatives of the minor communities of India to support him. I am a representative of one of those communities whose support the Honourable Mover of this Resolution has asked for. But I am sorry to say that, far from supporting the Resolution, I strongly oppose it. Does the Honourable Mover of the Resolution realise the full effect of the Resolution if accepted by the House? Does he know that his community in this country represents only 100,000 souls? What is the proportion of that community to the rest of the population of India? Well, Sir, if you examine the question, you will find that my Honourable friend the Mover's community will stand in the proportion of 1 to 3,150. The result would be that my friend's community will get the third of a post in the Civil Service out of a cadre of 1,250. Is that the proportion that my friend wants? Is that the proportion which my friend desires his community should have in the public services of this country? He has spoken at very great length upon the value and utility of communal representation. My friend, Mr. Girdhari Lal Agarwala, with a sub-conscious humour, gets up and says the communities in India are so numerous that it will require not one but many Royal Commissions to categorise them, and then will begin a struggle between one community and another, between sub-communities among themselves and I think the time of the public services will be devoted mainly to deciding the disputes between these contending communities. Is this what my friend, Mr. Agarwala, wants the public services in this country to do? He has, Sir, referred to the present policy of the Government of India. I am glad he has done so. No one on this side of the House deprecates that policy more than I do. The High Courts of India—the High Court which is the palladium of public justice is recruited as if it were a representative institution.

tion, and what is the result? Let any practitioner in the High Court tell you what the result is. The public services throughout India have been more or less recruited upon a communal basis. I hope, Sir, that, if this debate leads to any good result, it may lead to this that this policy will be reversed in the future. We do not want people because they belong to a particular community—we want a public servant because he is efficient and capable for the discharge of the duties entrusted to him, and that should be, and I hope will be, the sole criterion for recruitment to the public services in this country.

We have been told by the last speaker that communal representation is recognised by the Government in the constitution of this House. There again, I deprecate communal representation. I am sorry, Sir, that communal representation was ever introduced in the first constitution given to this country and the sooner it is eliminated the better for the ultimate good of this great land. I think, Sir, I have shown that communal representation will not only serve no good purpose but would be positively mischievous and I therefore strongly oppose this Resolution.

Mr. N. M. Joshi (Nominated : Labour Interests) : Sir, I rise to oppose the Resolution moved by my friend, Colonel Gidney. I assure the House that when I oppose this Resolution, I should not be understood to be in favour of monopoly, if there is a monopoly, of certain castes. Monopoly of any one community or any race or any caste is to be deprecated and must be put down. But, Sir, in the first place, nobody has yet shown that any one community in India or any one caste in India has got a monopoly of the public offices in this country. (*An Honourable Member* : "They have.") It must be proved first before we are asked to do something to do away with that monopoly. Then, Sir, it has been said by Colonel Gidney that the Resolution which he has moved is in the interests of the minority. I should like to know from Colonel Gidney and the people of that way of thinking what is the connection between a community being a minority in the country and the method of selecting candidates for public offices. Are the candidates selected by votes? Sir, if the candidates were selected by votes of the members in the country, certainly the minorities do require protection. But the candidates are selected by merit, which is decided by examination. Even if 10 candidates from the community to which my Honourable friend has the honour to belong compete, at least a few of them will pass if they have got the merit. Their passing or failure does not depend upon his community being a minority. I therefore, feel that the point which my Honourable friend, Colonel Gidney, has made has no relevancy to the question which he has raised. My friend, I think, remarked that his community has the misfortune of being somewhat backward in education. I do not know whether I heard him correctly. (*Lieut.-Colonel H. A. J. Gidney* : "Yes.") He says "Yes." Sir, it is a misfortune that any community in this country should be backward in education, and all those communities which are backward in education should have not only the sympathy but the active support of all the Members of this Assembly. But, Sir, is the measure which my Honourable friend proposes useful in removing that defect from the community? If my Honourable friend had felt the want of education in his community or in other communities, he should have proposed another Resolution asking the

proposals to give effect to the principle which he has enunciated. If the minority communities, if the backward communities were to take their proper place in the public services of this country, the best remedy for them is to ask the Government to give them special facilities for education and for training. That is the only way in which their present grievances will be removed, and I am quite sure that the whole House will support them in their demand if they make a demand for special facilities. I hope therefore that this House will not accept the Resolution moved by my Honourable friend, Colonel Gidney.

Munshi Iswar Saran (Cities of the United Provinces: Non-Muhammadan Urban): If I had been a member of the Anglo-Indian community I would have at once proposed a vote of censure on the President of that body. The President in his zeal and in his anxiety for his community, perhaps encouraged by those who do not like to come out into the open, has initiated a discussion which is unfortunate, which is extremely to be regretted. Colonel Gidney has given us a peep into his own mentality. He has told us that the various communities are using the Reform Scheme for the advancement of their communal interests. That may be Colonel Gidney's point of view, but the point of view of the rest of us is that we are trying to use the Reform Scheme as far as possible for the advancement of the interests of the country as a whole. But that is not all. Colonel Gidney, finding the difficulty of his position, has clearly said, "Oh! If you cannot devise means by which all these various minor and backward communities cannot be fully represented, resort to nomination." He has really "let the cat out of the bag." There are some people who are in constant horror of competition. They prefer the back door to the open door. I say, Sir, once again with the kindest of feelings for my Honourable and gallant friend that when he goes home this evening and in his mind tries to reflect on his heroic performance to-day he will feel that he has really done a positive dis-service to the community to which he belongs. Let me pause for a second and let me tell Colonel Gidney that this is a game at which two can play. This is not a game which Colonel Gidney can play alone. Accept the principle of representation for the moment. How much representation are you going to give,—I will take the Anglo-Indian community to it? In proportion to what? To numbers, to education to the taxes that they pay, to the stake that they have in the country? I should be sorry in spite of the provocation offered by Colonel Gidney to the whole House, I should be sorry to say a word which should be at all unpleasant or unkind either to his community or to any other community. But I shall request him and others of his way of thinking to calmly consider that if they once bring about a discussion of the claims of the various communities, they will be driven to a position from which they will willingly like to extricate themselves. There may be some justification—for which a great deal of responsibility must rest on Government—I say there may be some justification for this principle being adopted as regards certain minor appointments, but when you come to the Civil Service are we going to accept this principle? Do we want a man in place of Sir Henry Moncrieff Smith because he is an Anglo-Indian, or because he is, according to my friend, Mr. Agarwala, a Vaisya, or according to me, a Kayastha, or according to my friend, Mr. Chatterjee, a Brahmo. (*Lala Girdharilal Agarwala*: "I never meant that.") You withdraw

your amendment then. In the deep there is a lower deep. My friend Mr. Agarwala's amendment is infinitely worse than the Resolution of Colonel Gidney. If you go into the question of caste, I do not know where we are going to end. Take the Kayastha. There are 11 sub-sections, and then there is my friend, Mr. Samarth.* How are you going to decide the claim of each? Mr. Agarwala I never knew was developing into a social reformer. What on earth has interdining and intermarriage got to do with this problem? Simply because you do not dine with the member of another caste, does it follow that you will not be able to discharge your duties thoroughly and honestly? But, Sir, I shall invite the attention of the House to the words of the Resolution itself :

"A different method of conducting the simultaneous examinations so as to give a fair chance to candidates,

That implies that the present method does not give a fair chance to the various communities. Has Colonel Gidney proved it? Here is this competitive examination. Anybody who has got the brains, anybody who has got the capacity, anybody who is willing to undergo that test, is welcome. How do you say, how do you make out that the present system of conducting simultaneous examinations does not give a fair chance to the members of all the communities? The only logical conclusion is, that having regard to the fact that the members of certain communities wish to depend on favours rather than on merit they would like to make short work of all competitive examinations and would like to get into the Service through the back door. Then it does not stop there. A fair chance is to be given to different communities and to different provinces. Take the Hindu community to which I belong. Suppose Mr. Samarth passes the Civil Service examination . . .

Mr. N. M. Samarth : I am too old now.

Munshi Iswar Saran : Suppose my friend, Mr. Choudhuri, passes the examination, then I, as a United Provinces man, with less brains than both of them, will say "My community has not been represented and my province has not been represented."

Lieut.-Colonel H. A. J. Gidney : What about appointments to the High Court?

Munshi Iswar Saran : In the High Court if appointments have been made on communal considerations, the blame is not ours. The blame must attach to those who have made those appointments. Then we are asked to accept a limited form of competition. There are varieties of competition it appears. One is limited and the other is unlimited. The limited form of competition, it is rather difficult to understand. What is this limited competition? Perhaps, it means that you take a few by competition and the rest have to be taken by nomination.

Mr. Jamnadas Dwarkadas (Bombay City : Non-Muhammadan Urban) : Shoved in.

Munshi Iswar Saran : My friend, Mr. Jamnadas, who is an authority on excellent phraseology, says "Shove them in somehow." The whole fact of the matter is that we cannot accept it. As my friend Mr. Joshi has said, it is the duty and the bounden duty of every Member of this House and

of every Indian to see that the communities which are at a disadvantage on account of lack of education and so on should receive every encouragement, but it is the duty of those communities to see that by introducing these novel, may I say mischievous and wicked changes into the system of recruitment for the Civil Service they should do nothing to impair the efficiency of this Service. What will be the result? Not only the Anglo-Indian community or the Agarwala community but the whole of India will suffer. These appointments are made not with a view to give jobs to this or that community. These appointments are made, these examinations are held so that you may get the very best men for the discharge of the work that will be entrusted to them. That is and, I submit, that ought to be the only and the sole criterion for recruitment to this service. I do hope that after a little reflection Colonel Gidney will show his good sense and will earn our thanks if he will withdraw his Resolution. (*Voices* : "No.") Then Sir, if he does not withdraw this Resolution, it will meet the fate it so richly deserves.

Mr. Deputy President : The amendment moved is :

"This assembly recommends to the Governor General in Council that the present system of conducting simultaneous examinations for the recruitment to the Indian Civil Service be modified so as to provide for a fair representation of suitable candidates of different castes and communities residing in British India."

The question is that that amendment be made.

The motion was negatived.

Mr. Jamnadas Dwarkadas : I need hardly say that I rise to oppose the Resolution moved by my Honourable friend, Colonel Gidney. I must however, at the outset, remove the misapprehension that it seems to me prevails in the minds of some of the Members with regard to the meaning of the word 'Indianisation.' As I had the honour of moving this Assembly in the matter of Indianisation I may at once point out that by Indianisation I do not mean that Englishmen who are the present incumbents of the Services should be removed bodily and be replaced by Indians. No. Not only that. I do not even mean that in future, although the policy of recruitment in India may be accepted, as it ought to be accepted, the services should go exclusively to Indians and not at all to Europeans. All that we mean by the term Indianisation is that the bar which at present obtains against our countrymen because most of the services go exclusively to Europeans should be removed and that the recruitment in future should take place in India and in India alone. Now that does not exclude the possibility of Europeans competing for these services. If there are men from England coming out in sufficient numbers to appear at these examinations, there should be nothing to prevent them from doing so. If in the examination it is found that the European proves to be a better candidate for the services in open competition, then by all means the post should go to him as well as to the Indians of course on new conditions with regard to salary, etc. To bring down the word Indianisation to a very narrow interpretation is in itself a mistake and if my friend Colonel Gidney's Resolution is based on that mistake, having realised this mistake, I hope he will see his way to withdraw his Resolution. Now, Sir, what is it that he asks to do. I personally look forward to a time when examinations will be conducted in India alone open

of course to all candidates that come either from India or from Europe. If simultaneous examinations go on, then some of the posts, he says, must go exclusively to representatives of various communities which are said to be, to use Colonel Gidney's phrase, the minority communities. Now I ask one question. I put one question to those who think with Colonel Gidney. Have we ever approved of the distinction that is made on the ground of race? I do not think any representative of any community, any one who takes the name of Indian has ever approved of this distinction being made on the ground of race. If that is so and if we argue that the racial distinction which is wrong should go and go immediately, is it right that in our own country we should create communal distinctions and then be justified in claiming that racial distinctions should go. Is that the way to contribute to the elimination of racial distinctions that have been perpetuated in this country by those who are in authority? We shall be strengthening their hands, we shall be giving them a handle, we

12 noon.

shall be giving them an argument, for the perpetuation of racial distinction which each of us, I think, in the country has always abhorred. If by claiming communal representation we are going to create feuds and quarrels in this country, so that, they would lead to those in authority continuing the *status quo* and continuing the racial distinction that has gone on in this country for a long time, I ask those who think with Colonel Gidney, are they serving the country thereby, are they advancing the cause of their communities, are they advancing the cause of their countrymen, and of the country to which, I am sure, they feel proud to belong? You are losing the cause altogether by claiming for your communities that which is the right of the country alone, who prevents these communities from sending their candidates to the examinations? Is there any law, is there any clause saying that only the Hindu community will represent itself at the examinations, and that the Anglo-Indian community or the non-Brahmin community is precluded from sending candidates? Is it a sign of strength that, if they are not precluded from sending their candidates to the examinations, is it a sign of strength that they should ask that, even if their candidates do not prove fit, they must be given posts because they must have communal representation? I say, I do not know whether it is doing a service to the community to deny the strength and the capacity of the community. I am not prepared to believe that the community is so weak or helpless that it must have its own men sent, although they prove themselves totally unfit for the service. I, on the contrary, am prepared to believe that if their community sends men to the examinations, then I am sure that in their community they will find men who are able to hold their own with the other advanced communities in this country. To deny that, to deny that capacity in their community is a grave injustice, a distinct dis-service to their community. But what are we really coming to? We are claiming self-government for the purpose of advancing rapidly the cause of our country. Are we claiming self-government, are we claiming further reforms for the purpose of giving an opportunity to every community to grab for itself what it can out of these reforms or what it can out of this advancement? (*An Honourable Member*: "What about protection?") Let us not discuss irrelevant subjects here. If you do not understand the meaning of protection which has nothing to do with communal representation, discuss

it and fight it out when you come to discuss this question in the Assembly as I am sure the opportunity will come to the Assembly to discuss that subject. Let us not talk irrelevant things, and interrupt in an irrelevant manner in order to break down arguments you cannot break down. Well, there is, if I may use another argument, that League of Nations established for the purpose of serving all the nations. At present there is a sad picture of each component part of the League of Nations trying to grasp for itself what it can out of other nations. The picture is sad enough. There is another picture of men like Lord Curzon claiming for their race a superiority which they have not the slightest right to claim. The picture is sad enough. Well, I say about to say the picture is blasphemous enough. Are we going to add to the sadness and to the blasphemy of that picture—those of us who claim self-government for this country, by claiming for our little communities what can be the right of this country alone and of none else? Think of the picture of an India not united under the banner of one God but under the different banners of all the petty little communal gods claiming communal representation for the so-called advancement of their respective communities, leaving the country in the lurch, and asking it to take care of it all. It would be a fatal day if this Resolution was accepted. It is conceived, if I may say so with all respect to my friend, Colonel Sidney, in a spirit of pettiness and narrowness which does not do credit to a Member of this Assembly. I feel as one who feels that all racial distinctions should go, that all communal differences should go, and that we should all proclaim ourselves believers in the fatherhood of God and in the brotherhood of man. It would be a fatal thing to do to carry this Resolution and to thus injure the prospects of this country.

Rao Bahadur T. Rangachariar (Madras City : Non-Muhammadian Urban): Sir, I did not intend to intervene in this debate, but I wish to emphasize two or three points which should not be forgotten in giving a vote on this Resolution. Let us remember that we are now considering the question of the recruitment to the Indian Civil Service and nothing else—not the provincial service—but the Indian Civil Service which can boast of Sir William Vincent, Sir Malcolm Hailey, Mr. Innes and Mr. Denys Bray—who are our colleagues here. Let us remember that (*Mr. K. Ahmad* : 'And Mr. Chatterjee')—I am not going to mention the Indians now for the very best of reasons. You are recruiting to this service Indians to compete with these gentlemen whom I have named : you want a Chatterjee, you want a Monomadhan Ghose, you want people of that sort who can hold their own against the mighty fellows who come out from abroad and do signal service to our country. We who speak of castes and creeds, let us remember that we do not by doing anything on our part create a caste, an inferior caste in the Indian Civil Service. Let all men be equal in that service ; let us not lower the reputation of that service which has won for itself a reputation all over the world. By adopting this proposition you are running a grave danger : the danger is of reducing, of impairing the reputation which it has built for itself for a whole century. The Indian Civil Service will only be proud to own in its ranks men who can by their calibre, by their capacity, administer the affairs of this country. The time is not yet when we the Legislature can do the work of this country. For years and years to come I think we will have to depend upon the Indian Civil Service, composed mainly, I hope, of Indians. In years to come they

will still hold their own and carry the flag of bringing civilisation, bringing knowledge, bringing capacity in the discharge of their duties and uplifting this country as it deserves to be uplifted. Therefore, let us remember that. What is the good of talking about representation in legislatures, representation in taluk boards, representation in village panchayets? How is that an analogous question at all? Why confuse the issue by bringing in those questions? Now, I am quite willing to admit that we have to recognise this unfortunate and ugly fact that there are communities and sects and sub-sects—I know it from my own bitter experience of the small community to which I belong. Colonel Gidney spoke of minorities. I am in a minority community; we are one million out of 44 millions in our province. I am not fighting for my community at all; a time may come perhaps when I may have to stand up and fight for my community, but not yet; I hope better sense will prevail with my countrymen and that they will not carry these small ideas in their heads when they have got a bigger task before them. I know the country does not want this; a few educated people in the upper ranks are clamouring for the public services, as if public service alone is the only method of enriching this country. Am I to be told that land should be parcelled out according to the strength of the communities? Am I to be told that commerce and trade should be parcelled out according to the strength of the communities? Who prevents these people from coming forward and claiming all these benefits when you have got open competition? Uplift yourselves. Those gentlemen who are interested in their communities should do every thing to uplift the members of their community. I am surprised that such a proposition should come from Colonel Gidney. Why, Sir, he belongs to the most petted and most fondled community. Look at the Telegraph list, look at the Customs House list, look at the Police; look at any of these services. Is he represented there according to the strength of his community? Why, Sir, they are a most favoured community, and I am surprised that Colonel Gidney should come forward with this proposition. If he gets his deserts according to his numbers where will he be? And that Colonel Gidney should complain comes as a surprise to me, for has he not come out in a competitive Service, topmost, I hope? At any rate he is topmost in his profession, and he has not failed to achieve a reputation in that Service. Therefore, let us remember that we are dealing with a Service which requires our best men. If really we want them to make their mark in the Civil Service, if we want them to hold their own against men of the calibre whom we have named, and if you accept this Resolution, I say you will be lowering them in the estimation of their colleagues, you will be putting them in a lower caste, you will be treating them as Pariahs in the Civil Service. Remember that danger when you vote for this Resolution.

The Honourable Sir Malcolm Hailey (Home Member): In view of the course which this debate has taken, I had at one time some doubt whether I ought or ought not to intervene. Indeed, I hope, Sir, you will not accuse me of flippancy if I say, that I have at times felt a little like the Irishman who seeing an affray going on in the road asked, "Is this a private fight or may I join in?" But I cannot of course neglect my obligations in this respect. My friends here have asked me to define the attitude of Government in the past and present on this question. I have incidentally to clear up certain

misapprehensions which have been voiced by Members here. The discussion has been so prolonged that I shall confine myself very strictly to the terms of the Resolution. I shall not be led astray, as some of my friends here have undoubtedly wished, into a discussion regarding isolated appointments such as those of Judges in the High Courts. Believe me there are certain experienced animals before whom it is quite useless to wave a red flag. I am one of them. We are talking purely about the Indian Civil Service. Then again, I shall not be led astray into attempting to justify the retention in our Electoral Rules of the principle of communal representation, since that is alien to the subject. Nor shall I be inveigled into reviving a discussion, in regard to a matter we debated yesterday, and which Mr. Shahani wishes me to resume to-day, whether a gentleman who is unfaithful to his wife can or cannot be a sufficient surety for a bad character. We are talking, as I said, solely of the Indian Civil Service, and Colonel Gidney's Resolution refers specifically to a change in the manner in which we obtain recruits for our Indian Civil Service in India, as distinguished from the Home Examination. The question has a long history. If time served, I could go with the House back to the year 1833, the year in which the famous declaration was made that :

"There should be no governing caste in British India and whatever other tests of qualification may be adopted, distinction of race or religion shall not be of the number."

But I will not on this occasion take the House through the stages of that history, because, after all, the main point then debated, indeed the main point debated right up to the eighties or nineties of last century, was the question of what was then described as the monopoly of the European, and that, at present, is not the question under discussion. We first of all considered the question of communal representation in our Indian recruitment, if I may use that convenient term, in about the year 1886 when the Aitchison Committee, the first of our great Committees on public Services, made its recommendations. It was in favour of open competition among Indian recruits for the provincial Services, holding that there must be one test of eligibility only, the test of intelligence and character, and that other considerations should have no weight in the choice of Government servants. But it recognised that this system was not universally applicable; that there was a strong feeling in India that the claims of different communities and different religions should be balanced; and it accompanied its recommendation by a stipulation that where necessary the local Governments should still choose by nomination in order to attain the object to which I have referred. The Government of India in the main affirmed this view, though it expressed a preference for competition among nominated candidates when pure competition was not adopted. I omit subsequent stages, until I arrive at 1904, when the Government of India issued the well known Resolution of that year on Education. Its attitude was then determined partly by considerations of educational requirements; in dealing with the question of competition it pointed out the disadvantages of that system, showed that it did not in itself afford a test of character, and emphasized that a competitive examination was in itself a disadvantage to the progress of education, since it ceased to be liberal, and confined itself entirely to the attainment of success in examination. It was under the influence of those

1 P.M.

considerations that they then decided that local Governments need not follow the competitive system in making appointments to their provincial Services. Three local Governments had initiated the system,—Madras, Bengal, and Bombay,—and they at once discarded the competitive system and returned to nomination pure and simple. The Punjab adopted it, though only in respect of a very limited number of appointments.

I pass—again with some omissions—to the Public Services Commission of 1911. I have no doubt that the recommendations of that Commission in this respect are well known to the Assembly. I apologise for taking the Assembly through this retrospect but it is important to the explanation of our present position, for the present state of our ideas on the subject is the development of what has happened in the past. The Public Services Commission decided that it was undesirable to lay down any hard and fast rules as to the proportions of communal representation; its necessity should be met by the judicious use of the nomination system. That opinion was not unanimous. Mr. Chaubal deprecated attaching too much importance to this factor and would prefer the negative form, namely, that posts in services should not substantially be the monopoly of any one caste in India. Mr. Ramsay Macdonald thought that communal representation was a bad system, and that it should be abandoned, but he added that it could only be abandoned with an improvement in education and growth of a common civic spirit. Sir Abdur Rahim thought it inadvisable to emphasise the principle of communal representation as against that of impartial selection of the best men, and though on occasion it was advisable to secure communal representation, subject to the insistence of adequate qualifications, he added the recommendation that substantial recognition should be given wherever possible to the general conditions of a competitive system. The point was discussed at length in dealing with the report of the Commission; I pass over the somewhat divergent opinions recorded by local Governments, and merely give the decision of the Government of India. It was given in this form: "The Public Services should be recruited on the principle that they should be filled by the most competent men available. This principle is, however, subject to modification in the interests of the training of Indians in the administration of their own affairs. Full opportunities should be afforded to Indians to qualify themselves for the more important posts in the public services and to demonstrate their fitness for responsible duties. It must, however, be recognised that intellectual qualifications combined with physical capacity should not be the sole test for admission to important posts in the public services. Due regard must also be given to such considerations as character and hereditary connections of candidates both with Government and with the people with whom their work will mostly lie; while in the present conditions of India it is essential that there should not be an undue predominance of any one class or caste. The circumstances of each Service will have to be considered in view of the above principles." When Government sets out to lay down a formula on a question of this importance, it not infrequently happens that in the nice balancing of considerations on both sides its conclusions lack some of the virtue of definiteness. In this case we have a very nicely balanced judgment (*A Voice*: "Too nice"), which certainly combines all considerations inherent to a decision on such an important question; if the sense of balance

is more obvious than the definiteness of the conclusion, nevertheless I think it will be agreed by all who have heard it that it contains a moderate and reasonable statement of principle, namely, that you should get the best men available, but that you should not allow the preponderance of any one class or any one caste in your public services. I lay stress indeed on that negative form; it is one to which I shall have to refer again. I must pass over again in my rapid retrospect the many important discussions which took place in the Imperial Legislative Council when it dealt with the recommendations of the Public Services Commission. My friend, Mr. Sarma, was one participant, Mr. Muhammad Shafi took an important part in the discussions; there were other famous figures engaged. While the main discussion centred again on the question of the maintenance of a fixed European proportion as against progressive Indianisation, there were many, such as Nawab Ali Ousephbary, who claimed that the particular aspect of the question which we are discussing to-day should receive primary consideration. It is interesting to remember that when some Members of the Council objected that open competition pure and simple would mean that Brahmmins from Southern India would largely dominate the lists, both Mr. Sastri and Pandit Madan Mohan Malaviya promised on behalf of the Brahmmins of Southern India they would stand aside until it was generally decided that it was no longer necessary for them to do so. But indeed, whenever we discuss the question of the Services at large, and the problem of their Indianisation, this particular aspect of the question has always come athwart the discussion. It did so when Mr. Jinnah raised the question of Indianisation a year ago in our debates. It will be remembered that Mr. Bagde then moved an amendment much in the form of some of the amendments that have come before us today. I have troubled I hope not needlessly troubled, the Assembly with a retrospect showing how we have arrived at our present position; and I propose now to show exactly what our rules are in regard to the recruitment of Indian Civil Service in India itself. There has been some misapprehension on the subject. Indeed, I myself, as representing Government, have found it difficult to-day to understand fully whether our present position was being attacked or was being supported, and if so, by whom it was being attacked and by whom it was being supported. Here are the facts. We still look to London to supply us with the bulk of our candidates, and there of course the Indian competes without previous nomination or selection. Next, I take our Indian recruit, that is, our candidates recruited in India itself to whom this discussion particularly applies. Our practice here is to announce 67 per cent. of the appointments for Indian recruitment as available for open competition. I do not enter into the reason why that particular figure was taken; it is due to the fact that there are certain direct appointments from the Bar and to the existence of listed posts. 67 per cent. then are announced as available for open competition. Nomination is provided for in section 97 (6) of the Government of India Act in order to secure to some extent representation of the various provinces and communities in India. It will not of necessity take place every year, but only when the results of the open competitive examination in India fail to give the representation required. If the distribution of successes in the open examination turns out to be such as will meet the requirements of the various provinces and communities, resort to nomination will be unnecessary, and the vacancies

held in reserve will be filled as far as possible by selection from among candidates who sat for the competitive examination and attained a certain qualifying standard. Failing this, they will be filled by nomination. Now that shows at once the very limited scope reserved for nomination, and the reasons for which we have adopted it. The scope is limited because nomination only comes into play when it is found that the 67 per cent. open competition does not give something like adequate representation of different provinces and communities, and nomination again will only be used for one definite purpose, namely, to insure that the main provinces and communities shall not be unrepresented. It will at once appear therefore that we do not and indeed never have intended that this limited reserve of nomination should be for the purpose of representing minority communities or backward classes. Our sole object may, as I have said, be described rather in a negative form, namely, to prevent the over-weighting of our Services with any one particular class or representatives of a particular province. It will interest the House if I analyse the result of our first open competition in India. There were 11 posts open for competition. They were filled up as follows: three from Madras, one from Bombay, the United Provinces, the Central Provinces and Bihar and Orissa and two from Bengal. All were Hindus. We reserved in addition four posts for nomination, and on this occasion utilized the provision to the full. One reason was that we required a Burman recruit; it has been considered desirable that Burma should be placed on a separate basis, that is to say, if no Burmans succeed in entering by the open competition, that we should nominate a Burman candidate. One of the four was a Burman, one was a Muhammadan from Bengal and the remaining two were representatives from the Punjab and Assam. This was strictly in accord with the general principles which I have described as guiding us in this matter. I now proceed to my conclusion, which is to give the attitude of Government on this Resolution. I have explained the very limited scope to which we now resort to nomination and the object with which we do so. Let me be clear again that it is not the intention of Government to resort to nomination in the Indian Civil Service merely to secure that advancement of minority or backward communities. Indeed, taking the matter only on its practical side, I do not myself know how we should proceed to promote the cause of minority communities. They are already many; and directly we attempted to help one, others would declare themselves. Greater communities would disclose unexpected cleavages; claims to representation based on novel and hitherto unaccepted standards would be set up. For my own part, I should shrink from so Herculean a task as an attempt to arbitrate between the conflicting claims of the different minority communities in India, and to establish standards for ascertaining their comparative value to the State. We are already engaged in a difficult enough task,—and we only make the effort because this much seems clearly justifiable—in seeing that the claims of any one Province or of any of the great communities are not entirely outweighed. I can with truth add that Government itself would be only too happy to avoid any system by which we had to discriminate in recruitment for the Public Services. We should be glad to avoid a system under which we run the risk of imputations of partiality to one community or another. We want nothing but the best men. We want men who are judged by one test only, the test of character,

intelligence and efficiency, and the greatest of these is character. But fact are what they are. We have been led into our present system by the history of the past; and we have to ask ourselves whether India at large has yet arrived at that stage of social development in which there need be no consideration at all of provincial claims or the claims of the major communities. India has not, I take it, yet arrived at that stage in politics. However much some of us may desire to see the end of communal representation on the franchise, the history of the last three years has shown us that India at large is not yet ready to abandon it. There may come a time when educational and social advancement will secure that result, when there will no longer be recognition either in politics or in the Services of the claims of particular religions or particular communities, when all such differences will be lost in the larger sentiment of nationality or social service. But that time is not yet. In the meanwhile the position of Government is clear; we are proceeding on grounds which obviously lay themselves open to very little criticism and we ourselves see nothing in the trend of current opinion which indicates the necessity for a change. The Resolution asks for a change in our present system; I have declared what our present system is; and for ourselves we see no necessity for any modification. For this reason, I could not support the Resolution even if indeed I perfectly comprehended its terms. When affairs are moving so rapidly as they are now, to again attempt to change the system of recruitment for one of our major services,—to again open the whole of this question to discussion, to again invite an interchange of opinions which, amicable as it may be in form, as it has been to-day, yet nevertheless discloses strong differences of standpoint among various communities—is in my view not desirable. I can only support the system as we have it at present, and claim that it should continue.

The motion was negatived.

25th January 1923.

APPOINTMENT OF A ROYAL COMMISSION ON INDIAN SERVICES.

The Honourable Sir Malcolm Hailey (Home Member): With your permission, Sir, I desire to interrupt for a moment the discussion on the Criminal Procedure Code in order to make an announcement to the House. I think it necessary to take this course because the matter is of such importance to the House and to the public, that I should feel myself to blame if I did not place it in possession of the information at my disposal at the very earliest moment. The House will remember that a short time ago we issued a communiqué with regard to certain reports in the press on the subject of the appointment of a Royal Commission for the Public Services. We stated that those rumours were unauthorized and inaccurate. (*Mr. N. M. Samarth*: “and premature.”) Our words were those I have quoted. They were certainly unauthorized; they were also in their terms inaccurate. But since then, the matter has proceeded further and His Majesty’s Government have arrived at a definite decision in the matter; it is that decision which I wish to take the opportunity of communicating to the House. If you will permit me I will read the exact terms of the announcement which has been authorized.

by His Majesty's Government, and I would ask the House to note those terms particularly, as they show at once the intention of His Majesty's Government in the matter and the exact scope of the inquiry which is to take place. I will make a copy of this available as soon as possible. The announcement is as follows :—

“His Majesty's Government have decided to appoint a Royal Commission on the Services in India. The precise terms of reference to the Commission have not yet been definitely settled but will be wide in their scope. It is contemplated that the Commission will be required, having general regard to the necessity of maintaining the standard of administration in conformity with the responsibility of the Crown and the Government of India and to the declared policy of Parliament in respect of the increasing association of Indians in every branch of the administration and having particular regard to the experience now gained of the operation of the system of Government established by the Government of India Act, to inquire into the organization and the general conditions of the services, financial and otherwise, of the superior civil services in India and the best methods of ensuring and maintaining the satisfactory recruitment of such numbers of Indians and Europeans respectively as now may be decided to be necessary in the light of the considerations above referred to.”

Rao Bahadur T. Rangachariar: (Madras City : Non-Muhammadian Urban) : Who pays for this Commission ?

The Honourable Sir Malcolm Hailey Might I suggest that a discussion on this matter might suitably be raised either by question or by motion. I have only made the announcement now because I thought it due to myself and to the House as a matter of courtesy that I should place this announcement before them at the very earliest moment that I could do so.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadian) : Sir, while we are extremely grateful to the Honourable the Home Member for giving this House the earliest opportunity of learning of the appointment of the Royal Commission, I think I am voicing the general sentiments of this side of the House when I say that the news has come to us as a shock and that we shall take the earliest opportunity of moving the adjournment of this House to protest against the appointment of a Royal Commission. I ask you, Sir, to give us the earliest opportunity for discussing this question which is of urgent public importance, and in view of the various number of questions that have been put by Honourable Members in this connection and the discussion that has gone on in the public Press, I hope you will afford us an early opportunity of discussing this question.

Mr. Deputy President : I wish to draw the Honourable Member's attention that under the Manual of Procedure a certain procedure is laid down for the adjournment of the House and I am sure that if the Honourable Member moves it, the needful will be done at the proper time.

26th January 1923.

MOTION FOR ADJOURNMENT.

APPOINTMENT OF A ROYAL COMMISSION ON CIVIL SERVICES.

Mr. Chairman : Order, order. The Council will now proceed to discuss the motion for adjournment of the House to discuss a definite matter of urgent public importance.

namely, the decision of His Majesty's Government to appoint a Royal Commission on the Civil Services in India.

Mr. T. V. Seshagiri Ayyar : (Madras : Nominated Non-Official) : I rise, Sir, to move the adjournment of the House to consider the announcement made yesterday by the Honourable the Home Member that His Majesty's Government in England have decided to appoint a Royal Commission to inquire into the financial and other conditions of the Civil Service.

Before I proceed very much further, Sir, I should like to advert to a sentence in the letter of Mr. Montagu—one of the greatest friends of India—which he addressed to the London "Times" on this subject. Speaking of the Legislature in relation to the Civil Services, he says that the Legislature has very often exhibited hostility to that Service and has occasionally used violent language towards it. I am sorry that such a good friend of India should be so unfair to the Members of the Legislature. Sir, during my career as a Judge of the High Court I have worked with many Civil Servants. I have very many friends among them even to-day ; I have supervised their work, I say with confidence that they are good friends, loyal colleagues and willing subordinates. They have done exceedingly good work in the past and I have no doubt they will continue to discharge their duties as efficiently and as willingly in the times to come. In fact, Sir, when I look at the Treasury Bench, which contains such a large number of Civil Servants in this House, which is supposed to be a popular Assembly and when I find how wholeheartedly they give their time and intellect to the work, I have every hope that the Civil Service in the years to come will discharge their duties even better than they did in the past. Therefore, Sir, I do not expect that any friends of mine, certainly not myself, will use any language which will be hostile to the Civil Servants and which would show that we are not willing to treat them justly and generously. Sir, I doubt whether this move on the part of His Majesty's Government is in the interests of that Service. I am inclined to think that the best minds in that Service do not like an inquiry of this nature as that would antagonize the Indian people and would probably not result in any good to them.

Look at the matter, Sir, from the point of view of the mode in which this announcement has been made ; look at the time of the announcement ; we have been asking for the Indianization of the Services ; a Circular has been sent round for eliciting opinion on that question. It is only yesterday, or day before yesterday, that a bombshell was thrown by the Secretary of State's decision not to make any further advance in regard to constitutional reforms. The financial position of the country is very unfavourable ; and at this period, and at this time to have resolved upon appointing a Commission with the avowed object of making the position of the Civil Servants better financially is a step which is calculated to damp the ardour of the most earnest amongst us who want to befriend the Civil Service. Sir, is there any country which enjoys self-Government in which such an idea has been entertained ? I think I am right in saying, Sir, that the idea of appointing a Royal Commission is opposed to the pronouncement made, time after time, in the Houses of Parliament ; it is opposed to the Preamble of the India Act ; it is opposed to the language used by Mr. Montagu at the time when he made the famous pro-

nouncement. What does the Preamble to the Act say ? It says that Indians should be increasingly associated with Europeans in the service of the country. It also says that the object of the Parliament is to develop the self-governing capacity of the people with a view to progressive realization of responsible Government in this country. Now, Sir, I ask the question, is it possible to have progressive realization of responsible Government in this country if the Indian Government and the Indian people are not to consider the pay and prospects of the services, but that Parliament should appoint a Commission to consider the grievances and the conditions of service of the Europeans. What does it come to ? It means this, that these European Civil servants will have their pay fixed by a body outside India, although they will have to work under Ministers who represent the people of this country. Now, is that a position which can be contemplated with equanimity—a service which will be irremovable, which will have its pay fixed by an outside body, to work under the people's Ministers ? That would mean that the Ministers can have no control over them. Certainly that is not the way by which you can facilitate “progressive realization of self-Government in this country.” I began by asking is there any self-governing country in which such an idea has been entertained or could be entertained ? Certainly you do not find in the self-governing Colonies any attempt made by the British Parliament to impose a civil service on them. I was reading, Sir, the other day an interesting debate in the House of Lords on the question of the civil service in Ireland. An amendment was moved in these terms by Lord Glanaway.

The amendment was :

“The civil servants in Ireland should have a statutory right to compensation on retiring owing to the change of Irish Government.”

This was opposed by the Government, and there were not half a dozen Peers to stand up for this proposition. That shows that in the House of Lords such an idea was considered to be too ridiculous to be pressed for a division. In this country however without consulting the Legislature, without understanding our views on this matter, already a decision has been come to that there must be a Royal Commission to examine into the grievances of civil servants. Sir, I must point out at this stage that if a Commission is appointed the inquiry will be practically one-sided. The whole country has been against the appointment of a Commission and it is not right to expect that we, the representatives of the people, would co-operate with a Commission which may come out here for the purpose of making such an inquiry. It is impossible to think of any co-operation being given to a Commission which has been forced on us. The country from one end to the other has raised its voice against this step and if against our will notwithstanding our protest, a Commission comes, it will find that we are not prepared to co-operate with them ; the whole inquiry will be one-sided and will have no effect upon the people or on the Government. Sir, if a Commission is necessary, there are means by which it can come into being. Why should not the powers given under the Government of India Act be availed of ? There is section 96B. (*A voice* : ‘96C.’) yes, 96C—thanks—which enables the Government to appoint a Public Services Commission which can go into the question of pay, prospects and pension, etc., of the services. If that is done, the Legislature will have a

voice in the matter; then there will not be as much grievance as we have now. Instead of availing themselves of the powers given under the Government of India Act, against the teeth of that very power, an outside body has resolved upon appointing a Commission which the people do not want and which the Legislature resents. Sir, as there are a large number of my friends who wish to speak on the subject, I do not want to take up much more time. But I must say this that there has been a feeling in this country, and the feeling is growing, that the Conservative Government at Home is not friendly to Indian reforms, Indian progress. The practical dismissal of Mr. Montagu was at the instance of a large number of Conservative Members of the House of Commons. Ever since his disappearance from the India Office, we have heard of attempts being made by Whitehall to limit and to resist any attempt made by the Government of India to give to the people of this country more privileges. It has been said, times without number, that mandates have come from Whitehall to stop attempts made by the Government on the spot to take the people into their confidence and to invest them with larger powers. These apprehensions exist, and the people call to memory that in the old days the Conservative Government have never shown itself friendly to progress in this country. Sir, this attempt on the part of the present Government to force upon us a Royal Commission which the people do not want is another instance in point. They want to prevent, as far as possible, all attempts at reforming the constitution. They may say, Sir, that they will not go back on the pronouncement made by Mr. Montagu. They may say that the preamble of the Act is there and that they will give effect to it. They may keep themselves within the letter of the law, but the spirit to carry the people with them, the spirit to assist the people in obtaining responsible self-government is certainly not in evidence, and I am sorry that Lord Peel should have fallen into the mistake of appointing this Commission, which is certainly ill-advised and uncalled for. For all these reasons I move that this House shall adjourn as a protest against the appointment of the Commission which was announced yesterday.

Dr. H. S. Gour (Nagpur Division: Non-Muhammadan): Sir, I should like to take the House through a few facts for the purpose of demonstrating to it not only the utter futility of the Royal Commission but of its intrinsic and inherent illegality considered in its unconstitutional aspect. Honourable Members will remember that only two days back the Honourable the Home Member read out the Secretary of State's despatch on the subject of further reforms. In that despatch occurred these pregnant sentences:

"The new constitutional machinery has to be tested in its working as a whole. Changes have been made as the results of the Act of 1919 in the position, powers and responsibilities not only of the legislature but also of the executive government."

Then later on His Lordship says:

"It is clear that sufficient time has not elapsed to enable the new machinery to be adequately tested."

This was written on the 2nd of November 1922. And now mark the language of the Communiqué published to this House yesterday by the Honourable the Home Member:

"It is contemplated that the Commission will be required, having general regard to the necessity of maintaining a high standard of administration in conformity with the responsibilities of the Crown for the Government of India, and to the declared policy of Parliament in

respect of the increasing association of Indians in every branch of the administration and having particular regard to the experience now gained of the operation of the system of Government established by the Government of India Act."

The experience had not been gained on the 2nd of November when the Secretary of State dated his despatch. Within six weeks the experience has been gained and has so accumulated that a Royal Commission has been appointed. I ask, Sir, is this not a contradiction in terms? The Secretary of State assured this House that the reforms cannot be re-examined until sufficient time elapses and experience is gained, and within a few weeks we have the announcement of the decision of His Majesty's Government to appoint a Royal Commission to re-examine the question of the superior Civil Services. Honourable Members will note the wording of the Communiqué :

"Having general regard to the necessity of maintaining a standard of administration in conformity with the responsibilities of the Crown."

Now, Sir, I ask the Honourable the Home Member what are the responsibilities of the Crown, and are not the responsibilities of the Crown in a state of transition? We have been told that the reforms are an experiment, and it was explained that the experiment means that it is in a state of transition. Further reforms will be conceded to this country after the statutory period. If so, I ask, is it not a fact that the responsibilities of the Crown to this country will vary from time to time, and has not the Secretary of State himself pointed out that we have not yet fully exploited the existing Reforms Act? If further progress under the Reforms Act is to be achieved, the responsibilities of the Crown must correspondingly diminish. How is a Royal Commission, then, to inquire into the condition of the Imperial Services without at the same time inquiring into the responsibilities of the Crown? How is the financial question to be dissociated from the political question? That, I submit, is the crux of the whole question. The Secretary of State says that so far as the political side of the question is concerned it is not time yet, but when it comes to the question of the pay and promotion of the superior services, he says the time has arrived for a further inquiry.

Then, Sir, I said at the outset that I have a shrewd suspicion that this Royal Commission has not only been forced upon the people of this country but also upon the Government of India. Only the other day, I think only yesterday, the Honourable the Home Member was challenged to deny a statement that the Government of India had opposed the appointment of a Royal Commission.

The Honourable Sir Malcolm Hailey (Home Member): The Honourable Member will, I am sure, excuse me in interrupting him. No such challenge was made to me.

Dr. H. S. Gour If such a challenge was not made, Sir, in another place, I make it here and now. Is the Honourable the Home Member prepared to deny that at no time and at no stage the Government of India resisted the appointment of a Royal Commission?

I say, Sir, I shall assume, till a direct categorical contradiction is given by the Honourable the Home Member, that the Government of India did resist the appointment of a Royal Commission. If that is so, it raises a grave constitutional issue. It imperils the reforms. When these reforms were in-

augurated, we were told by high personages of authority that the reforms will be worked alongside of the report of the Joint Parliamentary Committee which annotates them. In clause 33 of the Joint Parliamentary Committee's Report it has been said that, whenever the Government and the Legislatures are in agreement, the Secretary of State should not ordinarily interfere. Now, Sir, the Government of India are not unaware of the strong feeling in this country against the appointment of a Royal Commission. They could not have been unaware of the strong feeling in this House against such an appointment. I take it, therefore, that the Legislature and the people of this country were opposed to the appointment of a Royal Commission. And I further state, Sir, the Honourable the Home Member has not yet contradicted me,—I further state, Sir, that the Government of India were opposed to the appointment of a Royal Commission. There being, therefore, an agreement between the Government of India and the Legislature on the question of the appointment of a Royal Commission the appointment by the Secretary of State of this Commission is unconstitutional and contravenes the recommendations of the Joint Parliamentary Committee. This, I say, Sir, raises a grave constitutional issue. And I further submit that it is not really a question of necessity, expediency or of general policy—it is a question which cuts at the very root of the fundamental principle upon which the Reform Act is based. Then, Sir, passing on to the question of the utility of the Royal Commission, we have had Royal Commissions galore. We have had Royal Commissions after Royal Commissions, but what is their result? Is it not, in fact, ordinarily said, if you wish to shelve a question appoint a Royal Commission? And I ask Honourable Members in this House what are the Royal Commissioners to do? The grievances of the Civil Services in this country are known and well known. If you wish to redress them, redress them. If you do not wish to redress them, do not appoint a Royal Commission. We have been told that the appointment of a Royal Commission is a costly luxury. One Honourable Member of this House has lent me a copy, Sir, of a communication he received from the Home Department, the purport of which is that, though they have no figures showing the cost of Royal Commissions, they can say (1) that the cost of the Royal Commission of 1912-15, debited in the accounts of the Accountant General, Central Revenues, was Rs. 5,91,874—roughly speaking six lakhs. And that was a smaller Commission. This is going to be a much larger one. And we shall be told that the cost of a Royal Commission—we may safely say that the cost of a Royal Commission will run into several lakhs. This raises another grave constitutional issue. Who is going to pay for it? Is it to be included in the Indian Budget? Will it be submitted to the vote of this House? If it will be submitted to the vote of this House, it would be adding insult to injury. You have not been consulted on the subject of the appointment of a Royal Commission and you are made to pay for it. I submit, Sir, on every conceivable ground the people and the representatives of the people of this country should oppose the appointment of a Royal Commission, and I have no doubt that the Government of India must be sympathising with the people of this country in this year of financial stress when every effort is being made to economise in national expenditure. It has been said . . .

Mr. Chairman: Is the Honourable Member intending to proceed to another point? His time is very nearly up.

Dr. H. S. Gour : My speech also is very nearly over. We have been told, Sir, in another place that we should welcome this Royal Commission, because the terms are large and liberal. We have been told that it is not merely to inquire into the general condition of service, financial and otherwise, but it will also inquire into the "best methods of ensuring and maintaining the satisfactory recruitment of such numbers of Indians and Europeans respectively as may be decided to be necessary in the light of the considerations above referred to." I beg to ask, Sir, how is this reconcilable with the statement made in the Montagu-Chelmsford Report which lays down the programme of progressive Indianisation of the superior services for the next ten years? Are we to go back upon that report? Are we to scrap it? Are new problems to be presented to the Royal Commission, and if they are, they would be inconsistent with the Montagu-Chelmsford Report, inconsistent with the Government of India Act, inconsistent with the recommendations of the Joint Parliamentary Committee. I therefore support the motion on the ground that the appointment is unconstitutional, it is unnecessary, it will serve no useful purpose and will unnecessarily antagonise the people.

Mr. R. A. Spence (Bombay : European) : Sir, the need for Englishmen in the various services of the Government, not merely in the Indian Civil Service, but in the Public Works, the Police, and the other Services of Government, and the necessity of securing to them due recognition of their services and security of tenure, are, I think, recognised by every thinking man in India. The Secretary of State has full power to appoint a Royal Commission for any purpose which the Government at Home considers right, but if this is not desired by the Government of India, if it is not desired by the people of this country, one can but deprecate the appointment of a Royal Commission which is bound to disturb public opinion. The various tributes, the various just tributes which have been paid to-day and which are daily paid throughout India to the work done by Englishmen in the services in this country are surely a justification to us that their services will be recognised and looked after by the Government in this country without the appointment of a Royal Commission.

Mir Asad Ali, Khan Bahadur (South Madras : Muhammadan) : Sir, it is my policy, that I should not speak on every subject in or out of season except when there is need for it. Now, I think, Sir, that it is essential to say a few words on this occasion. After hearing the best speeches of the Presidents of the Democratic and National Parties and the case made by them, and after hearing Mr. Spence's speech, there is very little for me to say on this subject. As one of the representatives of the Mussalmans of Madras, it is my duty to join with the sentiments expressed and to protest on behalf of myself and my community against the Provincial Royal Commission on the services.

Sir Montagu Webb (Bombay : European) : Sir, I desire to join my voice to that of those who have protested against the appointment of this Committee. I cannot myself understand at present the necessity, or even the desirability, of the appointment of a Commission of this kind. I find it still more difficult to conceive that the Government of India can possibly have demanded the appointment of a Commission of this character; and that being so, it seems to me that the appointment of this Commission merely lends a weapon to those

hostile and adverse critics who suggest that the Government of India and the Legislature are being discredited, or overruled by the Secretary of State. It seems to me, Sir, that the appointment of a Commission at this particular juncture is particularly unfortunate. It can but create suspicion in more directions than one, and I myself cannot see that it can possibly do any good, at this stage. Reference has been made to the anxiety which some members of the Services may feel with regard to their position or their pensions. Well, to me, Sir, I confess it is inconceivable that any Legislature in this country, or that Government here or at Home could do otherwise than carry out Government's obligations to all the Services strictly and to the very last letter. In these circumstances, Sir, I agree with the previous speakers, that the appointment of this Royal Commission is inopportune and ill-advised, and I have no hesitation in supporting the motion now before this House.

The Honourable Sir Malcolm Hailey (Home Member): I recognize that I have at this moment a difficult task, for I have to meet not arguments but an atmosphere, not facts but suspicions: not definite statements, but insinuation based on no surer ground than prejudice. See the words in which Mr. Seshagiri Aiyar described the object of this Commission. Its avowed object, he said, is the improvement of the conditions of the Civil Service. The House has heard the terms of the announcement: is that statement of the scope of the Commission within even measurable distance of the truth? Again, the consequence of the appointment of this Commission, he says, will be that the pay of the services will be fixed by an outside body, and as a result, that Ministers will have no control over them. So then, a Royal Commission is appointed to advise as to conditions of services, as Royal Commissions have been appointed to advise in the past; and his conscience actually allows him to describe it as an outside body which will exercise authority over the transferred subjects. That is his suggestion, and it is the atmosphere created by unfounded suggestions of that nature which I have to meet;—an atmosphere further vitiated by imputations that the Government of India itself has been, aye, and still is opposed to this Commission. Dr. Gour vociferated a demand that I should state categorically, here and now, whether the Government of India had or had not opposed such a Commission. Yet Dr. Gour knows as well as I know, and as well as the House knows, that as a matter of practice we never do, and I would add that we never ought, to yield to demands to reveal either difference of opinion or consensus of opinion between ourselves and the Secretary of State on topics which can be held to be controversial. For if on demand we reveal a consensus of opinion, we expose ourselves to the implication that in other cases such consensus of opinion does not exist. It is for this reason, proper and sufficient in itself, that we habitually maintain the practice of refusing demands for information whether we do or do not agree with the views of the Secretary of State on any particular topic. But because I will not break a long-established and a most reasonable practice, because I have no intention of revealing to him what the Government of India said on this occasion and what it did not say, because I am as equally impervious to his request that I should state that the Government of India disapproved as I am to his demand that I should make confession if the Government of India approves of this proposal, he proceeds to raise a monstrous fabric of his own concoction, and, standing on

the pedestal of that unsavoury and unreliable structure, he preaches to me that His Majesty's Government are breaking a constitutional convention ; he states that the Government of India and the Legislature being in full accord and against this proposal, the Secretary of State is guilty of an illegal breach of the constitution in overriding them by the appointment of this Commission.

5 P.M.

I say, Sir, that this breach of convention is a figment of his own imagination. He is as little entitled to raise prejudice by this assumption, as he is to declare that this Commission is the creation of an ultra-conservative Government and a reactionary Secretary of State. Is Mr. Montagu also now among the reactionaries ? For Mr. Montagu has endorsed if he did not actually anticipate the demand for this inquiry.

The limits of time allotted to me by the Rules of the House are narrow ; I cannot attempt to destroy the whole unsubstantial fabric of prejudice that we have heard to-day. I must limit myself to speaking of the necessity or otherwise of an inquiry of this nature, and the question of the agency which it is intended to employ. I cannot touch on more than bare essentials, But I must remind the House that the history of India for the last hundred years has been the history of an administration—of a great administration—far more than the development of a political entity. Activities which in other countries have been left to private enterprise or which have matured under the impetus of individual effort, have in India depended for their development on the activity of the State. In every sphere of life, material, scientific, educational, or intellectual, the main impetus or development has come from the administration. History may be left to say whether that development has been on right lines or not ; I am not now on that point. Nor am I concerned with the causes which have produced this result ; the fact remains that Government activities have penetrated into every sphere of life and work ; and the State acts, and can act only through the vast body of servants which those manifold activities have called into existence. Further, because in India there has not hitherto been a ready recruiting ground, from which we could engage State servants on a temporary or contract basis, we have everywhere had to engage them on practically a life tenure ; in other words to create a vast and organized system of Services. Now India was still at that stage when the reforms were inaugurated ; we are still indeed at that stage ; but the reforms will have the effect of changing a purely administrative Government into one of another type. I am not here speaking of the adequacy of the advance already made. Those who stand upon the bank and watch the running of the waters are perhaps better able to judge of the direction of the current than we who are swimming in it ; they realize that the new channel is every day widening and deepening and that every day the new current is taking a more definite and determined course. A new development of this nature, though primarily political in its aspect, nevertheless in a body constituted such as the Indian administration connotes much more than a political change. It involves an adjustment of the administration itself and consequently an adjustment also in the services which are so integral a part of the structure of that administration. Looking back, I think it might have been well if when the constitutional change was carried out, an inquiry had been made at the time as to the changes which would be necessary in the structure

of the services. But there were difficulties ; at that time attention was focussed on the character of the impending political changes. There are references to the matter in the Montagu-Chelmsford Report ; and there were at the time doubts expressed in the services whether we could safely proceed without consideration of this question for it was felt by many that the political changes involved as a corollary changes so great in the whole structure of the services that the organisation and future development of the latter should come under review. But if inquiry had then been made, it would inevitably have had the disadvantage that its decisions would have been taken on *a priori* grounds ; and again we might in any case have been compelled to revise its conclusions by the light of our subsequent experience. But as to the necessity of such an inquiry, either at the time, or later in the light of the experience we have gained of the Reforms, I have no doubt, and I believe that few people who consider the question earnestly and soberly will differ from that view. I have heard references to the late Public Services Commission ; but it is one of our misfortunes that its conclusions, arrived at in a different atmosphere and envisaging different developments, were already becoming out of date at the moment at which they were introduced. Admitting, then that such an inquiry is necessary, what is to be its proper scope ? Let me begin only with a minor problem. It will be necessary to decide in regard to our services whether the continuation of the services at all is necessary in many technical departments ; whether you could not, that is, substitute short-term service or contract officers, particularly in departments controlled by Ministers. I emphasise these because it is there if financial conditions permit, that progress must be most rapid, and novel experiments most quickly worked out. That, as I say, is a minor point. But I come to more important question, less one of organization than of personnel. I need not dwell on the insistence of the demand for further Indianisation of the services. If I deal with it here, it is not to argue its merits, but to state some of its implications, which have perhaps escaped some of those who have voiced the demand most strongly. It is not a mere question of arithmetic. It is not a question of taking a present rate of 33 per cent. of recruitment and increasing it to 50 or 60. It goes far beyond that. Everywhere in India the question is now being discussed whether in view of a larger recruitment of Indians, we ought any longer to recruit them on an all-India basis. The growing sense of provincial independence and individuality, the necessity for satisfying Provincial aspirations, seems to demand that they should be recruited by the Province for service in the Province and at Provincial rates of pay. Burma has already made this demand in the most emphatic form ; I see an equally emphatic demand coming from other Provinces in their turn. Here is a question to find the solution of which you will have to dig deep into the roots of our present system, and I say you cannot do this, and you cannot solve the large question of what numbers of Europeans and Indians respectively are required in the light of experience of the Reforms without a thorough, an independent and far-reaching inquiry. Let me pause for a minute ; I pause because I remember, as no doubt the House will remember, what Dr. Gour said on the latter subject. He suggested that this Commission is likely to go back on the proportions laid down in the Montagu-Chelmsford Report. Well might I refer to the creation of an atmosphere of prejudice, and the difficulty of my task in meeting

it. I ask anybody here whether they feel themselves honestly able to join with Dr. Gour in such a suggestion? We have already gone far beyond what the Montagu-Chelmsford report laid down. Our percentages are far higher; not only are our percentages far higher, but our rate of recruitment is in excess of those percentages. (*Mr. Jamnadas Dwarkadas*: "Because you cannot get candidates in England.") I shall come to that presently. Yet Dr. Gour finds it in his conscience to suggest that the Royal Commission may now go back on the Montagu-Chelmsford percentages.

• Here then are two outstanding questions which you must solve before you can make progress with the consideration of the Indianisation of the services. The consideration of those questions will involve an inquiry far beyond the scope which has to-day been assigned, but wrongly assigned, to the reference to a Royal Commission. I do not say that it will not also have to consider the question of the conditions under which the services are now working. It is not true, as was stated, that the sole purpose of the Commission was to go into the pay and prospects of the services. I claim emphatically to have proved that this is not the case. But, equally, the circumstances regarding the services must be considered. I take, for I must be as brief as I can, one or two points only. In the debate on the Indianisation of the services, more than one speaker declared that he and his friends did not wish to exclude entirely the European element in the services. For my own part, I sincerely believe that in thinking India at large there is on the contrary a firm determination that a strong European element in the services should be maintained. But what are the facts at present? We are failing to obtain recruits. I could support that statement with figures, but I do not desire to take up the time of the House, and the House may safely take the fact from me. There are two reasons. The first is the economic condition of the services out here which re-acts on recruitment at Home: secondly, the doubt that exists in the minds of those who might be candidates as to their future in India. Now, I agree with Sir Montagu Webb that it is unthinkable that any Indian Parliament would seek to repudiate its obligations in respect of pensions and the like. I welcome the recent declaration made by Mr. Seshagiri Aiyar, speaking on behalf of the largest party in this House that they regarded any such suggestion as damaging and pernicious. But that is not the whole of the case. The case is that men who are entering on life now desire to know what is to happen to them if, as a result of the recommendations of the first Parliamentary Commission, it should be necessary for Government to dispense with their services, some six or seven years hence. I do not think they ask for funds to be set aside in trust to provide for such a contingency. They merely desire to know, and it is a reasonable request, what the conditions of compensation will be if, after some years' service their careers out here are brought to a close. Then again, as regards the economic conditions under which present servants of the State are suffering and which, as I say, are re-acting on recruitment. There is no more tangible proof of these difficulties than the heavy list of premature retirements which are every month depleting our services of some of their best men. It has been admitted here to-day by Dr. Gour—and I thank him for the admission—that the services have difficulties; it was admitted by others to-day; it was stated in our Indianisation debate that India was prepared to see those difficulties adjusted. I desire to say

nothing more than to refer, Sir, to your own Resolution, which stated that those difficulties should be inquired into though you preferred to have them inquired into here. But there is a final factor in regard to the services which I am bound to mention. "If one can accept what one hears here, what one sees in the reports of Provincial Retrenchment Committees, or what one hears again in such bodies as our own Standing Finance Committee, it is clear that we now have to face a different atmosphere in regard to Indian pay to that which was represented before the Public Services Commission. Everywhere now we hear Indians complain that we have left them an onerous legacy ; we have fixed the pay of our services on a European basis and on European requirements, and, insensibly, the pay of Indian members of those service has crept up towards the European standard. It is suggested that we must revise the whole scheme of emoluments from a different aspect. We have to lay down a basic pay which will be appropriate to India, to Indian requirements, and Indian conditions. We are told that if India has to employ Europeans, it is prepared to face the necessity of paying them their market value, but is not prepared to pay Indians emoluments in excess of those which a man should expect who is serving his own country and in his own country.. We hear that view expressed everywhere, and I think I can claim that I have stated the proposition fully and fairly. But, Sir, that proposition is not an easy one either for the Indian Government or for Local Governments to investigate or to carry into effect, for they would have a very powerful body of vested interests against them. Yet, unless that can be investigated fairly and independently, unless the body which investigates is so authoritative as to carry the utmost weight any new basis of remuneration cannot be carried into effect ; and if so, what becomes of the Indianisation of the Services—at all events as an economic proposition ? It may be well enough to satisfy national aspirations or national feelings by Indianising your services, but unless that process is carried out on a purely Indian basis of pay, you will lose the whole of the financial saving which has been held out as a principal attraction to the scheme.

Mr. Chairman : Your time-limit is up.

The Honourable Sir Malcolm Hailey : I ask indulgence for one minute more. I claim that at all events I have established the necessity for an authoritative investigation of these grave problems on wide and liberal terms of reference. And if it is admitted that such an investigation as I have outlined is necessary, then three-quarters of the opposition to the Royal Commission should go. For let us face the facts. It is admitted that we need an enquiry. It might be that an inquiry undertaken entirely by the Government of India might be more rapid, less expensive and perhaps under influences which would appeal to this Assembly as more suitable. But would it carry the necessary authority ? I say again, there is no use shutting our eyes to the facts. You have to meet two influences, and satisfy two elements. You have not only India to consider. It was Parliament that was associated at every stage with the inauguration of the Reforms. Parliament has an equal right—nay, an equal duty—to associate itself with an inquiry into those changes in the structure of the administration which the Reforms have necessitated. The Indian public can safely banish any suspicion that this inquiry has been dictated by unworthy motives, that its sole object is to retard the

Indianisation of the Services—to me an unthinkable suggestion; or that its sole or main purpose is to satisfy the existing members of the services. And so far from the appointment of this Commission being unconstitutional, I take the opposite ground. Parliament, I say, initiated the Reforms: His Majesty's Government equally has a duty to associate itself with an inquiry into administrative changes which are corollary to the Reforms; and it has a duty to ensure not only that the development of our services shall comply with the requirements of the Government of India Act, but that the constitution and conditions of service for all branches shall be such as to give members of our great services, so far as the new conditions permit, as full opportunities as in the past of exhibiting the character, the independence and the high sense of duty which have done so much for India.

Rai Bahadur G. C. Nag (Sirma Valley cum Shillong; Non-Muhammadan): Sir, I move that the question be now put.

Mr. Jannadas Dwarkadas (Bombay City; Non-Muhammadan Urban): I rise, Sir, further to support the motion for adjournment so ably placed before the House by my Honourable friend, Mr. Seshagiri Aiyar; and I feel bound to say that the splendid advocacy of my Honourable friend, the Leader of the House, has left me absolutely unconvinced as regards the necessity and wisdom of the appointment of this Commission. I do not find fault—no one in this House or outside can find fault—with the splendid advocacy of the Honourable Sir Malcolm Hailey but in the case he had the misfortune of advocating a very, very bad cause. What has Sir Malcolm Hailey told us to justify the appointment of the Commission? Sir Malcolm Hailey says the terms are wide and liberal. They may be wide, but there is not the slightest doubt that the terms are vague also, and the existence of this vagueness makes us suspect that the vagueness is due to the fact that a lot of harm may be done to the interests of this country by raising the emoluments of the services and a set-back may be given to the cause of Indianisation. My Honourable friend, Colonel Gidney, suggests “Who knows? The Commission may make a recommendation which might accelerate the pace of Indianisation.” Is it likely, Sir, I ask, that a Commission appointed by the reactionary Government of Great Britain at the present moment could ever help the acceleration of the pace of Indianisation? Why, Sir Malcolm Hailey himself said one of the reasons why a Commission is being appointed is that you cannot get recruits in England; you cannot get away from that fact; Sir William Vincent replying to my own Resolution here said it was a fact that you cannot get recruits in England to-day. The reasons assigned by Sir Malcolm Hailey are in the first place economic and secondly that a doubt exists among the present incumbents as regards their own and their successors' prospects. Colonel Gidney says the pace of Indianisation may be accelerated. In order to attract recruits for the Indian Medical Service this very reactionary Government has just given out special terms and thirty appointments have been made on special terms in the teeth of the opposition of the whole country. In answer to a clamour for further advance, this very reactionary Government through the Secretary of State for India has given us a Despatch which is—although it pretends to have been written after very careful consideration—hardly worth the paper on which it is written; and we are told that we should expect that a Commission appointed by this Government is going to accelerate

the pace of Indianisation. Sir Malcolm Hailey has given two reasons for not being able to find recruits in England. May I give a more substantial reason, not a reason which is a concoction of my own imagination, to use his words, but a reason given in the letter of Mr. Montagu himself to the London "Times"? This is the reason that he assigns. He says: "Some of those who lament the difficulties of recruitment most vociferously are apt to forget how much a bearing the altered circumstances of the day have on this question. Commercial enterprises are enlisting more than they ever did before the assistance of University graduates. For those who seek Government employment the opportunities for such employment have increased at Home and the over-riding factor of all this is to be found in the destruction of a generation as the price that was paid for victory in the war."

The Honourable Sir Malcolm Hailey: Nevertheless he advocates a Commission.

Mr. Jamnadas Dwarkadas: That may be, on that we differ from him; this is the last paragraph of his letter that he sent to the "Times." Let us not forget that of all the reasons the greatest reason why you cannot get recruits in England to-day is that the flower of your community has yielded to the necessities of the war, and perished fighting for its country. Those that are left they have the best prospects in England itself and no one while he has prospects at Home would ever like to go out to a foreign country under the present circumstances. Then, Sir, is it merely the economic reason that prevents recruits from coming to India, to appear as candidates for the Services? There is one more additional reason and that reason is this: after the establishment of representative institutions in accordance with the Government of India Act, however much you may increase the salaries of the Services, you can never give to the Civil Servant in future that amount of power which he enjoyed in the pre-reforms days. Is not that perhaps the reason? Can that reason be remedied by any one, and if it is the intention of the Commission to remedy that reason, then, Sir, our protest against the appointment of the Commission is all the stronger than it ever can be. For, while we do not in any way run down the Services,—we appreciate, and we have never failed to appreciate in this House the services they have rendered in the past and are still rendering. We fail to understand how, consistently with our demand for self-Government at an early date, we can ever again restore the power that they used to enjoy in the pre-reform days. In this very House many members including myself have re-asserted that if the present incumbents of the Civil Services have any grievance with regard to lack of social amenities or have economic grievances, the reasonable among them will be handled sympathetically and generously, if I may say so, by the Members of the Legislature. What other grievances can there be? Sir, the cause of Indianisation can never prosper at the hands of a Commission appointed by a reactionary Government. So far as the grievances of the Services are concerned, they can never be remedied except by the Members of the very Legislature who are prepared to go into the legitimate grievances of the Services and remedy them. So far as their political power is concerned, it is beyond any one, even the Royal Commission, to remedy it. So far as the recruitment of the Britishmen is concerned, you have the solid reason given by the late Secre-

tary of State himself that it is difficult to find recruits in England now, that the war has taken away so many, and of the others that are left, many are attracted to the Services in England, and others to commercial enterprises. What, then, Sir, I may rightly ask, is this Commission going to do? What is the use of appointing this Commission in the teeth of the opposition of the whole country? Is it not because the forces of reaction have been triumphing ever since the resignation of Mr. Montagu? You have a demand made by the whole country, represented to the Government through its Legislature for a further advance. That demand is summarily dismissed. You have another blow thrown at the country in the appointment of those 30 men to the Indian Medical Service on special terms, and now, here is a third. I ask if the Home Government is helping those that have stood by the Constitution at the most critical moment to carry out their duties in the face of the strong opposition that prevails in the country? I submit, Sir, as one who has always spoken plainly in this House, and as one who has always stood for the maintenance of the British connection, at any cost, I feel that it acts like these that render our task most difficult; it is colossal blunders, political blunders of this character resulting from ignorance of men who sit six thousand miles away that will make the position of constitutionalists difficult. Sir, I support this motion.

(*Loud cries of "The question be now put" from all sides of the House.*)

The Honourable Mr. C. A. Innes (Commerce and Industries Member): Sir, I came down to the House this evening without the slightest intention of intervening in any way in this debate. I would not have done so had it not been for Mr. Jannadas Dwarkadas' intervention—his intervention, I may say, in his very best style. He stood up and he tore his passion to tatters before us. He flung his papers about and in his usual way he appealed to the emotions of the House. But, Sir, in the excitement of the moment, he made just one or two statements which I should like to contradict. He referred to the reasons why we cannot get Englishmen to come out to the Indian Services. He explained the reluctance of the Englishman to come out to the Indian Services to his own satisfaction and he quoted Mr. Montagu. He stated that one reason was that England had lost practically a generation in the war. He stated that the flower of the English youth was now going in for commerce and was refusing to enter the Services in the way that they used to. And he said also that another reason why the young Englishman could not come out to India was owing to the changed conditions under which the Indian Civilian works and the fact that he does not now exercise the same power as he used to exercise before the war. Now, Sir, let me state my views on this point. I come from a family which has served India from father to son for over a hundred years. (*Sir Deva Prasad Sarvadhikary: "May the race go on."*) My grandfather joined the Madras Presidency about 1830. My father served in this country for twenty years. I myself have served in this country for four and twenty years. And I have got four sons. One of these sons is now at Oxford. He is just the sort of boy who in the ordinary course would have followed in his father's footsteps in the Indian Civil Service. He writes out to me and asks me: "Shall I go into the Indian Civil Service?" And he tells me what they are saying about the Indian Civil Service at Home. He has no desire—there are many other lads at Oxford in like case—no desire

at all to go in for commerce. They would like to do as their fathers have done before them and serve the country and serve India in accordance with the traditions of their family. But there are the obstacles in the way. What do they know about the position of the Civilian out here? They know absolutely nothing. What they do know is that India at the moment is in a transition stage. As Sir Malcolm Hailey pointed out, in 1929 there must be a Commission and there may be great changes and they want to know, "Supposing I come out to India, am I going to lose my appointment five years hence?" That is the obstacle which is keeping these young boys from coming out to India. That is what paralyses them, and that is the feeling which is common in Oxford and Cambridge. That is the main reason why you cannot get the English boys now to come out to the Indian Civil Service. It is common, and that is one of the reasons why it is not sufficient merely to have an inquiry out here, either an inquiry by Members of this House or of the Indian Government. You must have the sort of inquiry which will carry conviction to the people at Home, and I assure you that that is the only reason—to remove these fears and to get the English boy of the right stamp to come out to India in the future in the way that he has done in the past, and I think that I may assume that every one in this House does want the English boy of the right stamp to come out and serve India in the service of this country.

There is only one other remark. I do not propose to traverse all the grounds which have been so ably covered by my Honourable friend, Sir Malcolm Hailey. There is only one word, there is only one remark that I wish to make. Mr. Jamnadas Dwarkadas referred more than once to this reactionary Government at Home. He tried to create again that atmosphere which I had hoped, fondly hoped, Sir Malcolm Hailey had succeeded in dissipating. What is all this cry about a reactionary Government? Reactionary Government merely because they have appointed this Royal Commission? (*Cries of "No, no."*) Why? Mr. Montagu himself, a friend of India—Mr. Montagu also asked for a Royal Commission of this kind. (*Cries of "Let the question be now put."*)

Mr. Chairman : The question is that the question be now put.

The motion was adopted.

Mr. Chairman : The motion before the House now is : "That the House do now adjourn."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Monday, the 29th January, 1923.

10th March 1923.

RESOLUTION *re* SELECTION TO APPOINTMENTS UNDER GOVERNMENT OF INDIA.

Mr. K. Muppil Nayar (West Coast and Nilgiris : Non-Muhammadian Rural) : Mr. President, the Resolution that stands in my name reads as follows :

"This Assembly recommends to the Governor General in Council that the Government of India in making appointments to offices under its direct control shall ordinarily, where the

qualifications of candidates are adequate to discharge the duties efficiently by their education, ability, and integrity, give preference to those that belong to classes or communities which are not well represented in the service, due regard being had to Provincial considerations."

I wish an abler advocate than me had moved this Resolution. But the fortunes of the ballot are such and I shall content myself mainly with an introduction. I shall not detain the House long especially in view of the short time before us, but I shall leave the expert handling of the present important and delicate Resolution to its abler—I almost said natural—guardians. There are, however, some plain truths and the most important among them in my opinion is, Sir, that it is not enough if only the man who has passed an examination or who wants an employment to keep his body and soul together is represented in the Government services of a country. The executive of the Government has not only to carry out the Government's policy but has also much to do in the shaping of it, inasmuch as the officials form the Government's advisers and possess all practical experience in most matters. Viewed from this aspect, it will be seen how essential it is that every class and community must be properly represented in the services. It is also plain that the more the stake in the country, the more ought to be the representation. I am sure my friends will speak for their communities and I wish to supplement that with only emphatically urging the necessity of encouraging recruitment from my class, the landed interests. I am sorry their claims have not been adequately appreciated in the past. Then again, in a vast continent like India with her millions of people of various religions and languages, classes and castes, I believe it will be impossible to maintain general satisfaction without some such means as suggested in the Resolution for a long time to come—a time when we may find something more in common among her different communities. The Resolution is a very modest and moderate one. It is couched in such terms as to offend none. So, in commending my Resolution, I hope it will have the universal support of this House.

Sir Deva Prasad Sarvadhikary (Calcutta: Non-Muhammadan Urban): Sir, like the present occupant of the Chair, I am I hope a tolerably good Hindu, and I am not likely to benefit much by the sartorial concessions announced this morning by Mr. Hindley, in respect of third class railway compartments reserved for Europeans. I sometimes look up the almanac. To-day's astral influences seem to be adverse so far as racio-communal differences are concerned for we were obsessed by them all the morning. One would have thought that this is the silly season of the Legislature and we are usefully filling up the gap between the new reduced figures of the Budget being supplied to us in a lump and our attempting to formulate vapoury proposals about further reduction. We had however an interesting day. It was to have been half a day debate but has been extended. I hope by the extension the adverse astral influences have passed away and it will be possible now to arrive at some sort of a settlement that will prevent further dissipation of energies and be acceptable to all parts of the House, not excluding the Government. We cannot conceal from ourselves that differences exist, and they have to be reckoned with. Naturally, after the reforms came, they have crystallized themselves; when people find that there is substantial gain to be had by participation in public affairs, though some believe or pretend to the contrary naturally, different communities and provinces want their places. It would

be wrong, it would be unpatriotic, not to take note of them and to allow for them and to make up differences as best as may be. Sir, speaking for Bengal, I have no hesitation in conceding that the other provinces have claims which should be recognised and given effect to, though my province may suffer thereby, as it has been steadily suffering in the recent past. But Bengal is very glad, Bengal is almost proud that the work that began there and gradually spread to the other provinces and that it is to grow from more to more, that all the provinces and communities are, in the wake of self-consciousness that has followed, realising that they are capable of formulating and enforcing their demands accordingly. Sir, if in the result some communities or provinces that have so far done well have to suffer, I say, it is all in the day's work. That position has been accepted. I do not want to refer in detail to the question of pacts and percentages. If we have to go on and get on, as we must, these are factors that must be taken into consideration and given due effect to. If any one had substantively put forward considerations to the contrary, that like all claims in favour of bare vested interest would have to be brushed aside. But have we any real difference to-day so far as the Resolution and the amendment before us are concerned? Reading closely between the lines of the original Resolution as moved by Mr. Nair and the amendment of Mr. Pantulu, I myself do not see much difference. So long as the test of efficiency is not to be discarded, and it can never be discarded, how can any one object to all the country sharing equitably? Whether in regard to legislative powers or administrative powers there can be no valid objection to their being fairly divided among those that desire and are entitled to them. Neither the Resolution nor the amendment seeks, as we understand and as we have been assured, to do away with the efficiency test. And Government must be left a free hand. It is after all a little difference in wording that has been detaining us all day and if by further clarifying these matters it is possible to arrive at some settlement that will be acceptable to all, I would ask for your leave, Sir, and that of the House to move an amendment somewhat to the following effect :

"That this Assembly recommends to the Governor General in Council that in making new recruitment for the services under the control of the Central Government steps should be taken to secure that the services are not unduly over-weighted with representatives of any community or province."

Mr. W. M. Husanally (Sind : Muhammadan) : May I suggest "any one community" ?

Sir Deva Prasad Sarvadhikary : If that makes the position clear I do not mind it, but 'any' is sufficiently expressive

Mr. J. Ramayya Pantulu : May I request you to read it once more ?

SIR DEVA PRASAD SARVADHIKARY : "That this Assembly recommends to the Governor General in Council that in making new recruitment for the services under the control of the Central Government steps should be taken to secure that the services are not unduly over-weighted with representatives of any one community or province."

The reason why this is somewhat more restricted than the wording of the Resolution, particularly, with regard to the new recruitment, is that no Government can be asked or expected to upset what is in existence already and whatever may be decided on will, therefore, have to apply to the making of new recruitment. I have not introduced words regarding insistence on

efficiency and other tests because that is common place and that is common ground. All are agreed that that test can never be given up. (*A Voice* : "Why not include it?") I do not consider it necessary because it would be as absurd to expect Government to tolerate inefficiency test as to ask it overtly to do the obvious and exercise the efficiency test. What we want to aim at has been freely given expression to. It is that other things being equal there shall be no undue monopoly on the part of any community or province. Provided the other tests are passed, all the provinces and all the communities must have due consideration of their claims and must have those claims recognised in a practical manner. That is the position that this amendment tries to bring out, and I believe it is in a line both with the essential spirit of the Resolution and the amendment that has so far been moved. The elements of disintegration are already far too great and I do not think that we need accentuate and aggravate them further. A great deal of hurt will follow as our enemies want it to follow—if any one community or representatives of any community decide to take their own action towards further disintegration. That will be hurtful to the general weal, and we have to close up our ranks, from that point of view, and as a method of settlement, that I believe should be acceptable to all, and if not to all, I hope to the majority of my Honourable friends here, I have ventured to put the further amendment before the House. Sir, I do not want to go into detail or notice the various cross current references that have been made. There have been unfortunate differences in the past. Those differences we are trying to make up in order that enemies of the Reforms and opposers of their expansion may not profit by them. Reference was made to the question of Indianisation of services and it was asked if Mr. Pantulu's argument was to hold the board. Why think of Indianisation at all? There would be some sense in that if our object was more Indianisation and for the sake of so-called Indianisation at any cost and at the expense of everything else. That is not so. We are troubled with serious financial difficulties and they will be more soon. We have to economise and economise very largely in every direction. The question naturally arises whether for the money that we are prepared to spend and can spend by anything short of Indianisation, in the sense that we have accepted financial equilibrium will be possible and whether popular aspirations would be met. These are the two points of view from which the question of Indianisation has to be considered. If Indianisation for the sake of nude Indianisation is not the objective of those who press for it, an inefficient Indianisation is not our goal. Either would be bad economy. We are in this position that we cannot pay the large salaries that would be involved if rigid Indianisation was not insisted upon. Therefore I do not think that that question can arise on the present occasion. Conceding that Indianisation is to follow, all the different elements that make up India will have to be considered. The Resolution need hardly have been brought forward, certainly not because the Government are not alive to the situation. Government has already made repeated announcements that the claims of the different communities and provinces would be taken into consideration; when Government makes further recruitment this announcement is to be acted upon. I do not think that it can be the object of any one responsible either for the Resolution or any of the amendments, that the existing state of things should be upset or that the principles

advocated should be carried so far as to be applicable even to the grading and the promotions and various other details of office procedure stage by stage and from time to time that would be impractical and intolerable. It should not be necessary and obligatory on the part of Government to have these considerations constantly before them and to give effect to them. I think those are considerations that ought to be clearly outside our mind. Once recruitment has taken place the meritorious will succeed and there ought to be no further reason for grievances. Well, Sir, Madras gentlemen have made themselves responsible for this Resolution and the amendments. I do not know whether Madras itself can have any grievances. Those who have been watching the progress of events and going round the offices come across Madrasis in abundance there

Mr. T. V. Seshagiri Aiyar (Madras : Nominated Non-Official) : There are more Bengalees.

Sir Deva Prasad Sarvadhikary : There are more Bengalees in the lower grades but the higher grades are being gradually absorbed by our Madras friends. I never grudge that or envy that. We are Indians first and Bengalees afterwards. I openly and expressly said that Madras by dint of diligence and industry is getting its due and I wish them joy about it. That ought to be so with regard to every province and as I began by saying that Bengal is the last to grudge this, it does not want to make a grievance of the situation. To my Bengalee friends I have had occasions to remark, and Madras is now trying to do what Bengal used to do, and if Bengal has had a setback, it is up to it to make up this deficiency and compete with Madras and Bombay and the Punjab and regain its position. It can, if it will, but that is no reason why it should grudge what other provinces, by their industry and diligence, are acquiring. There ought not to be any grievances, so long as the tests of merit and efficiency are rigidly adhered to. Amity that ought to exist between the provinces and the communities should not be artificially interfered with.

Having regard to all these considerations, Sir, I beg to move the amendment that I have read out, which I hope will meet the views of all the sides of the House and ought to find acceptance.

The Honourable Sir Malcolm Hailey (Home Member) : I have almost been tempted to-day to sit in my place, serenely watching what seemed to be something like an internecine warfare develop itself in the House. But I cannot do so. We have here a question in which many Members of the House obviously take an intimate and almost a morbid interest, a closer interest indeed than in many general questions of policy which come before them. I recognize the reason for that feeling and the depth of the sentiment which actuates it ; but convenient as it might be to me, I cannot assume the pleasant position of the onlooker described by the poet. "Pleasant," said the great Roman poet, "pleasant it is to sit on the shore and see those who are tossed on the sea in ships." If I could watch this question evolve itself on the floor of the House, and if I thought that the House would be likely to come to a decision profitable to Government and profitable to India, I should be glad to do so ; but I have a doubt that the result will be so happy. Moreover, a Resolution passed by the House in a matter of this kind must,

unless there are strong and valid reasons to the contrary, be translated into regulation by Government; and those regulations might have an important effect on our administration. That is my excuse for intervening in a controversy which otherwise might be left to the representatives of communal interests and their opponents in the House. We had last January a debate which covered much of the ground which has been opened to-day; I then took the opportunity of explaining to the House our attitude in the case of the service which was then under discussion, namely, the Indian Civil Service. I can claim that on the whole the explanation I then gave was accepted as sufficient and adequate by the majority of the House. I explained then that we could not and did not seek to represent the claims of each community; nor to protect the interest of minor communities; all we could hope to do was to prevent the preponderance in the Indian Civil Service of the representatives of any one community or any Province: this result we secured by nomination if the examination for the 67 per cent. of Indian vacancies which we opened to competition in India did not give us the desired results. We feel that we have adequate reasons for maintaining that principle. If our administration is overweighted by any one community, then there is an administrative loss. Officers serving in that particular service will feel that their prospects in the service and their claims to recognition are likely to be put aside. But the mischief does not end at discontent in the service; there is discontent among the public, for there is no doubt that if a large community is inadequately represented in our services, it feels itself slighted, it is hurt in its pride, and more it actually feels at a disadvantage which is likely to work to its injury. I can make that statement on purely practical grounds, and I prefer to take those grounds without entering into any of the more controversial aspects of the case which have been discussed here to-day. It is unnecessary for me to discuss whether procedure such as is advocated in the main Resolution before us is really a corollary of the terms of the Queen's Proclamation. It is unnecessary for me to discuss whether the full admission of members of minority communities to our services is an essential factor in building up India as a nation. Those considerations I can for my part put aside. But addressing myself to the terms of the main Resolution, I am bound to discuss the question of its practicability. I have reminded the House that if we are to be called upon in the terms of this Resolution to represent adequately the claims of different communities or to protect minority communities, we must translate those terms into regulations. How are we to do so? The Resolution suggests that, not neglecting the claims of efficiency and the like, we are to give preference to those who belong to classes or communities who are not well represented in the services. But we must have some means of deciding what those classes or communities are, and we must have some standard for deciding if they are adequately represented. Previous references have been made to the extraordinary difficulty which we should find in adequately classifying the communities throughout India and standardizing their requirements. Believe me, I do not want to approach this proposal in any spirit of carping criticism or to raise meticulous points against it; the sentiments which lie behind it are too strong to allow me to take so unconvincing a course of argument; but I must represent to the House the practical impossibility of carrying out a regulation on anything like these lines. Those

who have attempted to study the question in our Census Reports, or who have followed the proceedings of the Franchise Committee, will realize the great difficulty of interpreting requirements of this nature. The main criteria which are taken for determining the existence of a community are of course religion, language or caste and tribe. Now take first religion. For census purposes we classify the Hindus as one community; but the very reason why this Resolution has been brought to-day is because a large number of Hindus in Madras consider that Hindus do not make a community in Madras and that Brahmans should be separated from non-Brahmans. That is, a large section claims representation not because they are Hindus, but because they are not Brahmans. Then again take the difficulty which confronted us when the Franchise Committee visited Bombay. Lingayats are classified as Hindus, but the Lingayats who number, I think, about two and three-quarter millions, claimed separate representation from other Hindus; and I remember further that in the Census of 1901 the Lingayats claimed that it was 'offensive and mischievous' to enter the Lingayats themselves under one classification. I will go further and quote the case of a religion which is not subject to the infinite variety of Hinduism—I mean the religion of Islam, a religion almost unique in its religious solidarity. It is by no means sufficient to think that you can satisfy the claims of Muhammadans by merely fixing a proportionate representation for followers of that religion. If you were to ask a Pathan of the Punjab what he was, his first claim would be for representation as a Pathan; it would not satisfy him to be told that you were admitting the claims of Muhammadans generally. There are obviously cases in which the tribal formation would be the basis of demand and the religious basis would not be sufficient. The term tribal is not precise; but my illustration of the Pathan will suffice; and I could enforce it by others. There are some five million Marathas; there are nine and a half million Rajputs; and both of them would reject a discrimination based on religion as insufficient and claim recognition on a tribal or national basis. And the matter is not capable of settlement in advance; the claim may arise at any time that the tribal or national consciousness grows strong and asserts itself. We have seen something like this arising among the Ahirs in Northern India; it might arise among the Gujars (and there are two millions of them) and the Jats of whom there are seven millions. But I will not dwell longer on the difficulty in the way of basing discrimination on the large classification of religion. Let me go to language. That itself is perhaps even less reliable. You have, I think, some 15 main divisions in the Indo-Aryan group, some 14 divisions in the Dravidian group and numerous sub-branches of the Tibeto-Chinese group; but the ordinary man would hardly recognize the division established by the scholar, and attaches more importance to his own dialectical subdivision. In any case, the linguistic divisions are not sufficient either for combination or differentiation; a common language will not unite the Lingayats and Marathas, still less will it unite the Sikhs and Punjab Muhammadans; while on the other hand, just at present at all events, a difference of language does not seem to keep apart the non-Brahmans of Madras. For the moment it seems of political importance mainly in one area, that occupied by the Oriyas; it assumes a momentary importance because those tracts are split up among four provinces and is quoted as a reason for re-uniting them; unite them,

and I have no doubt that the linguistic basis will then cease to be of importance and other differences will re-assert themselves. I take our last basis of division, somewhat loosely known as caste and tribe. I fully join with those who say that it is unnecessary for us to adopt any meticulous classification on a basis of this kind, the more so when it is realized that there are in India altogether, as shown by the analysis made in 1901, which took reckoning only of groups with an aggregate of over ten thousand persons, some 2,378 main castes and tribes, and 43 races or nationalities. Even so, the classification is uncertain; it is continually under process of change and revision. But I do not desire to place too much stress on this; I know that a large number of these groups could be neglected at once. My point is this. At any particular moment when a group or community begins to feel itself, it is difficult to say whether we should place more emphasis on the case, designation or on the tribal configuration or on its local distribution. Let me give the House one instance. There are, I think, some fifteen million Brahmans in India. Now the Gour Brahmans, a community of Northern India, have claimed in the Punjab that they stand apart as constituting an agricultural tribe for the purpose of the Agricultural Tribe legislation and when during the War they were recruited in considerable numbers—they did very well in recruitment—they claimed that we should form a separate regiment for the Gour Brahmans of the Punjab and United Provinces. Any particular time we may have to face the fact that the claims of one selection of a large caste or community based on local or other special considerations outweigh caste or other communal considerations. I have stated these general difficulties; and I put it to the supporters of the main Resolution that they would make it impossible to frame any regulation on the lines suggested. How, I ask again, are we to tell whether a "class or community" is not adequately represented? How are we to decide which minority community to recognize? Firstly, the distinctions which we are asked to observe are not standardised. They are not mutually exclusive. It is difficult in numerous cases to determine the factor on which a large group of individuals place the most importance. It would not be sufficient, if the Lingayats were claiming larger representation in our Services, to tell them that Hindu interests are already represented; they would claim that the Lingayats must be represented as such. In Madras the claim for separate recognition by a large section is not on the basis that they are Hindus but on the fact that they are not Brahmans. That is a sufficient distinction for immediate purposes; but can hardly be an enduring one, when its present object is attained. Then, secondly, there is no basis for deciding, even after you have managed to get your classification of communities, the proportion in which each should be represented—in other words, their claim to recognition. Obviously, you cannot take the Census enumeration as all sufficient. You have had sufficient proof of that, I think, this morning, in what was advanced on behalf of the Sikh community. The House will remember the facts; the Sikh community had no part in the Lucknow compact, and when we came to arrange the franchise for the Punjab, they represented that any attempt to give the Muhammadans and Hindus the percentage laid down for them in that compact would injure their position; in fact their demand has always been that they should receive a representation exceeding that which their actual numbers would give. I am not going into the merits of that claim;

I am only pointing out one of the difficulties of attempting to find an accepted or equitable basis of representation in the Central Services. I must take all India figures ; and I am making no kind of comparison except numerical ; but will any one give me a common denominator which will allow me to establish the fractional proportions of representation for the Gujars (two millions), Sikhs (two and a half millions), Mahars (three millions), Marathas (five millions), Rajputs (nine and a half millions), Parsis (one hundred thousand) and Pathans (three and a half millions)? I purposely include classes widely differing in their claims. A third difficulty is that you could not say at what particular point a community, using the word in its larger sense, became so important as to require representation in the services. Everybody realizes that we must pay no regard to sub-castes or such minor divisions. But at what point are we to say a community has shaped itself and assumed a distinct individuality ; that it has made itself felt ; and that we must begin to represent in the services?

Well, these are the general difficulties. But I would point out that we, the Central Government, have an additional difficulty. It is not impossible perhaps that a province desiring to put into application the principle of this Resolution might do so in regard to its own services, because it works within a confined area ; it can assess values with some accuracy ; and taking the total population of its area and dividing it up as best it may between various classes and communities, it might possibly arrange, taking its services as a whole, to give something like proportionate representation to the various sections. But that proposition becomes very different for us. Our Central Services are at work all over India. Let me take a case in point—the Customs Service. I have said that there are five million Marathas in India. How are we to secure adequate representation of the Marathas in a service which works only at the ports of India, where practically no Marathas live, or few? Again, how are we to secure adequate representation for Sikhs, a localized community, in our Accounts Service which is at work all over India? It will be seen at once that, when you apply the problem to the Central Government, the difficulties are enormously increased ; for you have to take into account factors enormously wider than those which apply in the case of the local Governments. Not only so, but there is another factor. Even if you secured an All-India classification of values, obtained by weighing the claims of different classes or communities, you would have to overhaul it all again on a new requirement—the demand that within each class or community the provinces should be adequately represented. For the local Government a Muhammadan is perhaps only a Muhammadan ; for us, he must be a Muhammadan of Bombay or Bengal or the Punjab.

Now, Sir, I have stated the difficulties which I should feel myself in accepting the Resolution as put forward in its present form. I am under apologies to the House for detaining it on the subject ; but it is a question of as great importance to us on our side, though for different reasons, as it is to the Members of the House who have raised this issue. I have given my reason why I should oppose the main Resolution in its present form. They are practical reasons and purely on practical grounds, I must decline to be a party to any agreement on the part of Government unless we can honestly give effect to it. I

have explained to the House on a previous occasion what we have done in regard to the Indian Civil Service. It may interest the House to have in the briefest form a few details as to what we have done in regard to our other All-India Services, which did not then come under discussion. In the Police we take of course 66 per cent. of our recruits through the open competitive examination in England and of the remaining 33 per cent. which we take in this country, we take 11 per cent. by promotion of subordinates and 22 per cent. by competition among nominees. Both these two avenues, the promotion of subordinates and competition among nominees, give the local Governments a certain opportunity, which they have used in some cases to see that their Police service is not over-weighted with any one class of recruit. That is as far, however, as they are able to go. In the Imperial Service of Engineers, local Governments select Indian recruits for themselves, but mainly by open competition, and there again, where we have to recruit for a technical service, it is difficult to arrange for anything like adequate representation. I come now to an interesting case, that of our Indian Audit and Accounts Service, which as the House knows, has for many years looked to competition for a greater part of its recruiting. It has a long and distinguished record and it has maintained that record by open competition in India. There has for the most part been no restriction on the competition. There were for a few years restrictions in this sense, that it was a competition among nominees and that we attempted in accepting nominations to see that one class in particular did not appear in too great numbers at our examination. I mean the Madras Brahmans. But lately, the restriction has been felt to be unnecessary and it has now been removed. The results will interest the House. We have 28 Madras Brahmans and 3 Madras Non-Brahmans, 2 Syrian Christians 21 Bengali Hindus, 8 United Provinces Hindus, 6 Punjab and Delhi Hindus, 3 Punjab Muhammadans, 3 Bombay Hindus and 1 Sikh. For my part, I should be loath to see the fine record of that service, which has been obtained by open competition, altered to any system of close nomination to secure representation of different communities or minor classes. I admit that when promoting subordinates we can do something to redress the results achieved by open competition, but here again I confess that I should prefer to see merit and good work the predominant consideration. I will not trouble the House with the case of other services; they are largely recruited on a technical basis; though I might mention the great difficulty felt in the last two years in securing anything like adequate representation of provinces among the Indian recruits to our Imperial Forest Service. With the best of will in the world the thing proved to be impossible. But the House will desire to know what we do in the case of the subordinate services under the Central Government which are not recruited by competition and do not involve technical qualifications. In the case of our Secretariat, as the result of the Llewellyn Smith Committee we have laid down that the Staff Selection Board should see that as far as possible there is something like an adequate representation of the different provinces and that one community does not unduly outweigh the rest. The difficulties are obvious, for in the case of lower paid posts, the representation must largely depend on the locality in which the Central Government offices are situated. I find that in regard to our post office circulars have from time to time issued—I have here one before me—requiring

That recruitment should be deliberately arranged to prevent overweighting by any one community. I have not the record of other services such as the Railway before me. But I noticed to-day a curious fact ; there was a notable absence of any definite proof in the way of figures or even allegation based on instances, that we have allowed the claims of any community to outweigh the others in our Central Services. There has been much argument on general grounds ; many *a priori* reasons have been given why we should adjust recruitment to the requirements of different communities ; very little has been said to prove that our regulations are really defective in denying those communities their opportunity. Am I not perhaps right in thinking that the Honourable Members who have put forward their case to-day were thinking of their own provinces and not of us? If they were referring to Madras, the House, of course, knows the steps which have been taken in Madras to attempt, whether rightly or wrongly, to redress the predominance of one class. That is a provincial question into the merits of which I do not enter ; but I have here a circular order of the Madras Government which shows that they are attempting not only so to arrange their recruitment but even, if I am correct, so to arrange their promotions as to secure that end. I am bound to state that when I read that circular I was somewhat puzzled as to the exact methods adopted ; the task is obviously not an easy one. I noticed also the fact that even they themselves could not issue orders in the full sense of the terms of the Resolution which we have before us, because at the best they are only able to distinguish between Brahmans and non-Brahmans ; they are not able to break up the non-Brahmans into the different communities of which they are permanently composed. But that is by the way. As I have told the House, our own objective in the Central Government has simply been to prevent any one community or the representatives of any one province preponderating over others. As I said on a previous occasion, we ourselves would rejoice if we could avoid altogether any consideration in recruitment other than the test of character, intelligence and efficiency. We certainly do not wish to be led, as the Mover of the main Resolution would lead us, into any system under which we should be under the imputation of favouring one community at the expense of others or neglecting any community for motives which would lay us open to criticism. At the best, or the worst, our present procedure involves a species of negative requirement which is very different indeed from the positive operation which the Honourable Member who put forward the Resolution would impose on us. If you have an objective such as the one which I have just described as that of the Central Government, it is obvious that you can use the word 'community' or the term 'class' in a sufficiently elastic and liberal sense. Turn the operation over, and demand that Government shall pick recruits from different communities or different sections of a community, or engage on an accurate representation of provinces, and it immediately becomes necessary to face all those difficulties of detail which I have placed before the House. Our method of approaching the question, as I say, does not involve us in the attempt to assess values as between different classes or communities, nor does it give rise to those invidious comparisons or antagonistic claims which would be the inevitable result of the procedure advocated in the Resolution. I would ask the House to affirm our policy, and not to seek to go any further ; I have deliberately

avoided a discussion of principle, and dealt only with the practical issues in the proposition put forward. I chose that ground purposely and in the interests of the House ; for the discussion of the principle and the object which lay behind it had already led the House into differences of opinion which do no good outside. It was betrayed into an exhibition of the existence of separatist tendencies which only supply arguments to those who claim that Indians can never combine. I would therefore ask the House to put aside the main proposition, based on the claims of separate classes and minority communities, and to affirm the wide, the simple and the reasonable policy which I have enunciated. It is recognized in the amendment which Sir Deva Prosad Sarbadhikary read out to the House. That amendment has my whole-hearted support ; the House can adopt it with safety ; and I would urge that it accept it in the cause—I can only put it in this way—of its own dignity and its position as a representative of all-India interests. We shall do well to avoid placing before the world at large differences which are not edifying in themselves and the airing of which here can lead to no good result.

Mr. President : The amendment moved by Sir Deva Prosad Sarbadhikary has not been put from the Chair. I put it now :

“Substitute for the original Resolution the following”:

“This Assembly recommends to the Governor General in Council that, in making new recruitment for the services under the control of the Central Government, steps be taken to secure that the services are not unduly over-weighted by the representatives of any one community or province.”

That amendment is not, strictly speaking, an amendment to the amendment already before the House, but I will allow the discussion to proceed upon all three propositions. When I come to put the question, I shall have to put it in a form to which I shall invite the close attention of the Assembly.

Mr. President : The question is that the following be substituted for the original Resolution :

“That this Assembly recommends to the Governor General in Council that in making new recruitment for the services under the control of the Central Government, steps be taken to secure that the services are not unduly over-weighted with representatives of any one community or province and that as far as possible claims of all communities and provinces are considered.”

The motion was adopted.

Mr. President : The question is that the Resolution, as amended, be adopted.

The motion was adopted.

24th March 1923.

RESOLUTION *re* STOPPAGE OF RECRUITMENT FOR SERVICES OUTSIDE INDIA.

Mr. B. Venkatapatiraju (Ganjam *cum* Vizagapatam : Rural) : Sir, the Resolution which stands in my name runs as follows :

“This Assembly recommends to the Governor General in Council that with a view to effect substantial reduction in expenditure under service heads, necessary steps be taken for stopping further recruitment for services, outside India, excepting the employment of Foreign expert on special terms when necessity arises.”

¶ This is an important Resolution, Sir, and to adopt the phrase of the Honourable Mr. Innes, if I am honest to myself and to my country, if my candid criticisms may not be agreeable I only request the indulgence of the House that they should be taken in the spirit in which they are offered. A Resolution was moved by the Honourable Mr. Jannadas Dwarkadas on this subject on the 11th February, 1922, to this effect :

"That having regard to the Declaration of August 1917 the recruitment for all-India services excepting those of a technical character shall be made as far as possible in India and provide educational facilities for Indians to enter technical services in large numbers."

An amendment was moved and subsequently adopted by the House which ran as follows :

"That inquiries should without delay be inaugurated as the measures possible to give further effect to the Declaration of August 20, 1917, in the direction of increased recruitment of Indians for the all-India services."

But so far as I am aware, I do not know whether any inquiries were inaugurated ; nothing was done to our knowledge. But, my Resolution, Sir, is quasi-economic rather than wholly political. Lord Incheape's Committee made it abundantly clear that the country cannot afford to spend money on the present scale, and that in spite of post-war new taxation estimated to yield 49 crores annually being enforced, and the tax-paying capacity being limited, substantial retrenchment of expenditure is inevitable. Though grateful to the Committee for what they have said, we must say that theirs is not the last word on the subject. On the eve of their recommendations, the already heavily burdened people are now threatened with additional taxation, especially the poverty-stricken masses. My object is to suggest measures in this Resolution to reduce the heavy burden and emancipate the nation. We have heard their words and empty promises in abundance, which have not availed us much. I propose in my Resolution a drastic change of policy, nothing short of which can satisfy public opinion. The British policy of seeking primarily the advantages of the mother country must be entirely reversed, and the paramount motive of the good of India alone should guide every action of the Government of India. It should seek first, last and only the good of the country, unswerved by any other considerations. Queen Victoria of blessed memory, in the memorable words of her Proclamation on assuming the charge of direct rule of our land, said :

"In their prosperity shall be our strength, in their contentment our security and in their gratitude our best reward. And may God grant to us and those in authority under us, strength to carry out these our wishes for the good of our people."

The disability of Indians in the matter of appointments was removed as far back as 1833, and the Government of India were instructed in 1834 to admit Indians to places of trust as freely and as extensively as their individual aptitudes justified. Queen Victoria stated further in her Proclamation that Indians should be freely and impartially admitted to offices in her service. Their Majesties King Edward and King George echoed the same sentiment. After seven decades of these declarations what do we find ? We find 13 per cent. of Indians employed in the Indian Civil Service, 5 per cent. in the Police, 14 per cent. in the Forest, 26 per cent. in Agriculture, 38 per cent. in Educational, 38 per cent.

in Engineering, 11 per cent. in Medical, and 23 per cent. in Customs. Are we to take it that Indians have been impartially and freely admitted to appointment during all these 70 years? I am aware that this Assembly or even the Government of India has no control over the recruitment of all-India services, unlike the self-governing colonies. Sir William Vincent told us that from 1897 to 1916 recruitment to the Civil Service was 66 Indians out of 960. From 1917 to 1921, it was 59 Indians against 126 Europeans, and in 1921, 37 Indians and 38 Europeans. In the Medical Service the proportion was 48 Indians and 112 Europeans before, and after 1917-1921, it was 78 Indians and 43 Europeans. We must be thankful for little mercies. The only point of view that is reasonable according to my humble submission, is that the importation of officials from outside India should be limited to clear cases of necessity. The question is not how many or how few Indians should be employed, but how many it is indispensable to recruit from abroad for want of men in India. If the question is not approached in that spirit, self-government as the goal is mere camouflage and economical administration is impossible. The suggestion that in the Civil Service there should be 33 per cent. of Indian rising by $1\frac{1}{2}$ per cent. every year till the maximum of 48 per cent. is reached in 10 years, in Education 50 per cent., in the Indian Police 33 per cent., Engineers 75 per cent., State Railways 50 per cent., Telegraphs 50 per cent. and so on is based on wrong and untenable grounds. I do not understand the necessity for recruiting not only to the Indian Civil Service, but also the Indian Medical Service, the Military, Military Finance (I do not know if the figures are to be scanned differently), Education, Police, Public Works, including Railway Engineering, Telegraphs, Agriculture, Forest, Survey, Mines, Mint and Assay. They account for 3,426 officers drawing average pay of Rs. 800 to Rs. 1,600, of whom the Indian Civil Service average 1,350. There were only 269 Indians, of whom 69 were promoted from the Provinces by 1913. My suggestion is that the public services of India and all these branches of all-India services should be recruited in the country itself. If the assumed British responsibility for the good government of India necessarily implies the perpetuation of British officers, then it is high time that we should ask for responsible government, with its concomitant power of control over recruitment. Fixing any proportion for recruitment is postponing the date for conferring self-government indefinitely. This Assembly should definitely pronounce their opinion that when qualified Indians are available, recourse should not be had to recruitment elsewhere except in India, both on economic and political grounds. The standard of qualifications required should be fixed high for the superior services so as to secure efficient men from all communities without showing undue favour to any one community or another, to the prejudice of others. The salary should be fixed according to the qualifications and demands made of the candidates and the financial resources of the country, and the market value of the services. Naturally experts recruited abroad should be paid higher salaries according to the competitive value. In the military, as was pointed out by Lord Inchcape, since 1913-14 the pay and allowances of British officers alone was increased from Rs. 4½ crores to Rs. 8½ crores. British other ranks from 3·6 crores to 10·39 crores. In Military Works 225 draw 27½ lakhs, and in Civil Services, 2,890 was increased to 3,242 with salaries and allowances 172 lakhs raised to

259 lakhs ; clerical establishment from 231 to 533 lakhs ; Industrial and Technical, 68,094 from 193 to 402 lakhs ; temporary staff 172 officers draw 16 lakhs. Railway traffic expenses increased from 488 to 964 on account of staff. State railways employ 425 Europeans and Anglo-Indians drawing a monthly salary of Rs. 1,35,000, and 164 Indians drawing Rs. 40,000. State railways worked by Companies unfortunately employed 1,143 Europeans drawing Rs. 8,92,000 against 42 Indians drawing Rs. 16,000. I may mention, Sir, when we compare the pre-war wages of our railways officials in India with those of officials employed in Europe, it looks as if we are paying extravagant salaries. Danish State railways paid only Rs. 73 to Rs. 900 per mensem ; Swedish railways pay Rs. 63 to Rs. 1,387 per mensem ; Norwegian railways pay Rs. 55 to 450 rupees I may mention Sir, that the Government of India has complete control over the appointments made on State railways whether managed by the State or by Companies, because all appointments have to be confirmed by the Government of India, and therefore believe I am in order.

The Honourable Sir Malcolm Hailey (Home Member) : Might I further make a request ? I think we might know exactly what case we have to argue. Is the Honourable Member referring only to the civil service or the military services ? As he proceeded to quote a large number of facts about military services, he has left a doubt in my mind as to the exact proposition I have to answer.

Mr. B. Venkatapatiraju : I am referring to all services under the control of the Government of India, where they have to employ men, and whether Indians or from abroad. If they have no control over them, I have no business to bring it to the notice of this Assembly at this stage.

The Honourable Sir Malcolm Hailey : Then may I inquire whether the Honourable Member wishes to argue the case of the Indian Army also ?

Mr. B. Venkatapatiraju : I am mentioning all officers that are imported with reference to whom the Government of India or the Secretary of State has control, because I want steps taken by the Government of India in order to see that further recruitment from abroad for the services is stopped.

The Honourable Sir Malcolm Hailey : I cannot demand that the Honourable Member should tell me what points he intends to raise. I merely ask as a matter of courtesy if he would inform me whether his proposition includes Indian Army officers or only others. I do not see that there would be any difficulty in mentioning it.

Mr. B. Venkatapatiraju : I was not able to catch the Honourable Sir Malcolm Hailey. I was only mentioning those services which have been employed by the Government of India. If the Army officers are to be placed on a different footing, I do not mind leaving them aside. I am only mentioning those matters in which the Government of India can join with us in asking the Secretary of State or the British Parliament to stop recruitment in England. Therefore, for the convenience of the Honourable Sir Malcolm Hailey, I will not refer to military officers. I will only refer to those branches of the service which are employed in India under the control of the Government of India.

The Honourable Sir Malcolm Hailey : The Civil Services ?

Mr. B. Venkatapatiraju : Yes. I may mention, Sir, that the Railway Board in their Administration Report for 1921-22 state that in the superior posts the number of Indians was increased from 85 in 1916 to 212 in 1922. The Railways employ a staff of 6,858 Europeans, 11,831 Anglo-Indians and 735,789 Indians, in lower grades where others are not available for those salaries. The Railway Board states that no definite arrangements have so far been attempted to meet the needs of indigenous Railway recruitment. Both the Public Services Commission and the Industrial Commission recommended that there should be secured for all normal requirements properly trained Indians and that every educational facility should be offered. Why was this neglected ? Is it because they think that the country need not provide such services ? I am rather doubtful why the Honourable Mr. Hindley should state on the floor of this House, when he was asked about it, that the Government policy is not to interfere. I may mention that State Railways, although they are managed by Companies, are subject to the controlling authority of Government and State Railways are the property of Government, and all appointments made by the railways are subject to the confirmation of the Government of India. As long ago as 1879 the Secretary of State impressed on the Government of India the expediency of employing Indians in posts of importance. I might quote the authority of Mr. T. W. Tutwiller, the General Manager of the Tata Iron and Steel Works, who states, that "Indians are very intelligent and quick to learn, more amenable to discipline than the foreigner, less costly, and work has not suffered either in quantity or quality." If we say there were difficulties in technical branches, I ask, was there any difficulty in administrative branches ? Mr. Houldcroft, late Carriage and Wagon Superintendent, Bombay, Baroda and Central India Railway, expressed the same view. The Industrial Commission were forcibly struck, when visiting large Railway workshops throughout India, with the complete absence of Indians from the ranks of foremen and chargemen. What was the policy underlying the Government neglecting to secure recognition of the claims of Indians and thus economising expenditure, if they had not adopted a step-motherly attitude ? Sir Michael Sadler, than whom we cannot find a greater friend of India, and for whom the Government also has some respect, stated before the Students' Committee of Lord Lytton, with special reference to educational policy, "the bold road towards the recognition of Indian independence is the safest one which the British nation can follow in its relation with India. Under present conditions it seems more likely that this road will lead to voluntary and close alliance than to disruption. Frank acceptance of this aim would remove all animosities." He urges, therefore, that in education and therefore in what our educational ideas pre-suppose, we should be prepared to give India, if she deliberately asks for it, what we consider best for ourselves. It is proposed in my Resolution that recruiting should generally be confined to India. This does not at all mean that the privileges and rights which the persons already appointed possess have to be disturbed. Mr. Fisher admitted that this, the poorest country, has the costliest administration. The Honourable Mr. Reddi has pointed out in his budget speech of 1922 that Lord Hardinge has admitted that the Government is under an obligation to give the greatest

service for the lowest possible cost. He quoted the comparative figures to show the extravagant salaries paid in India. The Prime Minister of Canada does not get more than Rs. 3,000 per mensem; other heads of departments, Ministers, Rs. 1,750 per mensem; Deputy Minister Rs. 760 to Rs. 1,500 per mensem. In Australia the Prime Minister gets Rs. 2,625 per mensem, Ministers Rs. 2,062, Secretaries Rs. 875 to Rs. 1,875 per mensem. In New Zealand similar salaries are paid to these officials. I will not weary you with other figures, but I would ask the Honourable the Home Member to compare the salaries paid in India with the salaries paid in other parts of the world, by richer countries, by countries where there is no deficit year after year, either pre-war or post-war. In those countries I may mention for the information of the Honourable the Home Member, who already is aware of it that the wages of unskilled labourers range from Rs. 5 to 10 a day, while our labourers get four annas to twelve annas on the average. Such being the difference between one country and another, should we be prepared to pay higher salaries, and it is plain that even these higher salaries are not enough to secure proper recruitment in other countries. Why should you not utilise indigenous talent? you may say efficiency would suffer but I doubt whether the Ministers in the Provinces and the Executive Members here are unable to discharge their duties efficiently. Is it not nobler for individuals as well as for nations to struggle towards excellence with its natural force and vitality however imperfectly than to work efficiently under expert guidance from without in all matters? Do you think artificial limbs better than natural ones? We call a people free when they have some voice in the Government, and in the appointment of recruits for the services. When India was rich, Sir, we found nation after nation came here to secure those riches by one means or another, and when India is so poor we find people are coming here from one colony or another to exploit cheap Indian labour. Should we continue this sort of administration which would bring poverty to such a pitch as to compel us to send our countrymen for a pittance of 6 annas or 8 annas a day to other lands than our own? Is my suggestion at all a really strange one? Has not the Government of India itself issued a circular called the 'O'Donnell Circular' postulating the possibility of stopping further recruitment abroad? Even if it is stopped from now, it will take 25 years more to complete Indianisation of the services. More pertinent, is it not a fact that you are afraid to part with administration on account of British Service and trade interests? If we want the British character of the administration, does it mean uprightness, just treatment and progressive amelioration of the people and has Britain the monopoly of all rare virtues?

Don't you think that if Indians have the controlling voice India would be better in more respects than one because they can enter into the feelings and spirit of the people and understand their difficulties better than is being done now? We are always told that the country is so prosperous. Is it not a fact, Sir, that if you dive deep enough into the matter, you see that there is only a thin crust of prosperity above ground covering immense layers of squalor, misery and suffering? Have you ever passed through any village in any province and noticed if they have got decent homes or clothing or even sufficient food? Are you afraid of Lord Sydenham's attack on that O'Donnell Circular, characterised by him as which I think is quite absurd, as lacking



in statesmanship and discretion on the part of the Government of India in offering to employ Indians for the Indian services? Are we not grateful to the Government of India for issuing that circular? When we heard of that circular we eagerly waited to see the phase of pressing reforms to the issue of self-governing India. We have also heard of Indianisation of the Indian Army instead of the miserly concession of gradually Indianising eight units to be completed in 26 years. It is a pity that in Parliament some gentlemen should have objected to Englishmen serving under an Indian. Is it such a strange thing? Persons who are prepared to eat the salt of India, are they not prepared to serve under Indians, and are they not doing it now? Why should there be this racial claim of superiority? We were told Lord Reading—to his lasting glory it must be said—went a step further and sent a despatch setting up a gradual scheme of appointment of Indian officers to mature in 30 years. This was published in the papers, which also reported that the Cabinet had considered and rejected it. Is it not a serious denial of the spirit of the reforms? Sir William Vincent said very truly that without an Indian Army the Indians cannot have self-Government. Then when are we going to get self-Government if you do not do one thing or the other? When are we to expect the transfer of ultimate authority from the British Parliament to an Indian Legislature, and from the British electorate to an Indian electorate? Are we to pass our days under the certificated system of Government even with regard to the services? The Secretary of State sanctions scales of pay and allowances and appoints men as he pleases and the amount wanted will be put as non-votable items and we have to sit here wringing our hands. Is it not necessary for us, as Captain Sassoon boldly pointed out, that we should serve our country better outside than inside the Legislature and to be sure, as Mr. Lloyd George seemed to be sure, that the position of the Indian Civil Service will in future remain unchanged and their decreasing number will still remain the steel frame of the whole structure of Indian Government? If the policy announced is carried out, it will spell disaster both to England and India. Are Indians so dead to all the feelings of liberty as voluntarily to submit to be slaves for ever? I do not believe that our quondam trustees, the British Parliament and the British electorate, are so neglectful of their duty as to believe that the beneficiaries, Indians, can so easily be duped to lose their birth-right as British citizens. But we must tell our justice loving Viceroy that we prefer liberty before the easy yoke of servile pomp. When the birth-right of British citizenship is denied to us, no station, no rank, no authority, no power can safely disregard the unmistakable declarations that have been made from time to time that we should be masters in our own homes. When we are claiming this privilege for ourselves, we are claiming it for the Government of India who have no control at all in the matter of recruitment. May I invite your attention, Sir, for a moment to the Civil Service in the Colonies? An English Civil Servant employed in a colony holds his post there at pleasure, but by practice he holds it during good behaviour. There would be a Civil Service Commission (unlike our Staff Selection Board) to hold examinations and decide the fitness of candidates for the posts. They are also to give certificates for increases of salary, for promotion and improvement of status. For instance, Canadian Civil Service Legislation includes no provision for pensioning officers but pro-

vides a superannuation fund based on contribution of 3 per cent. on the officer's salary and grant from Government. Unlike the Imperial Service it has not the compensation of a pension at its close and is not redeemed by social consideration and marks of Royal favour. In the colonies, civil servants are servants, not masters as in India. They are a comparatively poorly paid service as the salary does not exceed the wage of unskilled labourers by more than five or six times. I may mention, Sir, that the Incheape Committee say that the number in military service was increased by 3 per cent. and in civil services by 9.9 per cent. while the increase in pay and allowances is 101.3 per cent. from 20 crores to 40 crores. But the Committee point out that in 1920 when the cost of living was at its highest the rate of pay was increased by about 100 per cent. without any stipulation as in England to reduce the pay when the cost of living came down. They also speak of the reduction of travelling allowances.

Leaving alone all those cases of those who are already employed, may I not appeal to the Government of India, that they should strengthen the hands of the Assembly by carrying out our wishes that in order to reduce our expenditure it is far better wherever possible and whenever available qualified Indians should be employed in India, and only in extreme cases we must go to other places. By experts I mean persons who have specialised in any branch of knowledge. How is this necessary in India when no colony has suffered by not employing men from abroad? In America none other than an American will be employed permanently in their service and in colonies only persons born in that colony are employed. Only in exceptional cases, which are very few, others are employed. Is it because the Government do not find sufficient Indian talent or capacity to run this administrative machinery? Therefore, I earnestly appeal to the House that in order to secure contentment and happiness and to reduce the unnecessary expenditure and abolish deficits and the consequent necessity of taxing the poor, I appeal once more to recruit in India before I sit down. This is the first step in the direction of granting self-Government and if you do not take this step, I am afraid that by fixing any proportion you are postponing the grant of self-Government indefinitely, which the country cannot brook for any longer time. Therefore, I move my Resolution.

The Honourable Sir Malcolm Hailey : I think that most Members of this House will agree with me in regretting that this motion has come on at this moment at a time when the minds of most of us are directed to another problem of an anxious nature. It has another disadvantage. For, at the end of a long Session, after we have discussed many other questions of the highest importance it puts before us a proposition which properly should be the subject of what we know as a full-dress debate; and to-day a full-dress debate on this subject is not psychologically possible. The House is my proof; when the Honourable Member was speaking, the House was thin; as he proceeded it got thinner, and still thinner. That was not because the House was not interested in this question. It is one of the questions on which on all sides there is always the greatest interest manifested. It was because the House obviously felt that the occasion for discussion was inopportune, not only with reference to the circumstances of

this Session but for another reason. In essence, this is one of the questions which must come before the Royal Commission

Mr. T. V. Seshagiri Aiyar : Would it ?

The Honourable Sir Malcolm Hailey : And the Royal Commission will be obliged to form opinions bearing on the general subjects discussed to-day ; representative opinions will have to be collected, weighed and examined. It is quite clear, therefore, that it is not one of those Resolutions on which there can be that free and fruitful discussion as between Government and the Assembly which can be of value to both. Take the case as it stands. How can we in these circumstances undertake to send any recommendation to the Secretary of State on the subject ? All that the Secretary of State could reply, and would certainly and reasonably reply, would be that the whole field opened by the question is about to be examined by a Royal Commission, and it would be of little value, therefore, for us to make any recommendation to him on the subject now. We had of course a long debate on one aspect of this case in Simla and in Delhi. That debate dealt with Indianisation, pure and simple. The Honourable Member who proposes this Resolution now proceeds to go much further. The exact progress of Indianisation necessary or suitable in view of the administrative changes following in the wake of the reforms is yet to be settled. But the Honourable Mover is not for that ; there is no half measure for him ; he would thrust aside the whole question at once. He will admit of no progressive stages of Indianisation. He would admit of no advance in the proportion of Indian recruitment, gradual, speedy, or otherwise. He would at once lay down a rule that except in the case of technical services there should be no recruitment at all in Europe. He does not merely mean, as Dr. Nand Lal thought—that the Government of India should take the recruitment into its own hands instead of allowing the recruitment to be made at Home. That is not his meaning at all. His meaning obviously is, and he expressed it in so many words, that we should cease at once to attempt any process of gradual Indianisation as defined by any progressive rule of proportion,—and that we should forthwith, barring the exception of a few technical appointments, recruit Indians purely and simply. That is a proposition which goes a great deal further than anything which was advanced in the course of our previous discussions. He admits that his proposition is drastic, and demands an entire change of policy. I am impelled to ask, what support has he behind him when he puts forward this proposition ? I do not want to examine his arguments, because, his arguments hardly deserve examination ; they hardly deserve indeed the name of arguments. I do him I think little injustice if I say that all he had to produce before us to-day was a series of jottings and cuttings from a common place book strung together without system or connection. He began by referring to the Declaration of 1833. He glanced at irregular intervals at the history of our services during seventy years. He indulged us with a variety of irrelevant information regarding topics so wide apart as position of the civil servants in the colonies, and the pay of the Prime Minister of Norway. But I would stop there. I will not trouble the House with what he said ; the House has been troubled enough with it already. What he did not say was more important. He never once adduc-

ed himself to the definite question whether he had behind him any considered body of opinion in demanding that all European recruitment should immediately cease. I ask him where is his support for that proposition. (*Mr. B. Venkatapatiraju*: "O'Donnel's Circular.") I have yet to learn that that circular was supposed to represent public opinion. His proposition has never received any support in this Assembly. It has not, as far as I am aware, received support from the Legislative Councils of the Provinces. I am aware that in Madras there was a proposition that the pay of the services should be reduced at once and that of European recruits re-assessed on a new basis. There was no proposition that the recruitment of Europeans should immediately cease. There was a proposition much like his put forward the other day in the Bengal Council; and it was voted down. I ask what province demands this. Begin at the North. Does the North-West Frontier Province demand it? Does the Punjab demand it? The Punjab which is at present racked with one of those recurring spasms of communal differences which we all regret so deeply in the interests of the Punjab itself. Is the United Provinces demanding it? The United Provinces where at the moment the chief topic which agitates people's minds seems to be the legitimacy of the wholesale conversion of Muhammadans back to Hinduism—is the United Provinces demanding it? I have shown the feeling in Bengal; can he quote any legitimate support from Bombay or Madras or Burma? But let me have this, and come to a second point. He has put it forward as an economic proposition. Now let me ask him what Provincial Retrenchment Committees have asked for this? I can quote him an instance to the contrary. The Bengal Retrenchment Committee which reviewed the whole range of their expenditure did not ask for it. I am therefore justified in saying that in this demand for the complete and immediate cessation of European recruitment the Honourable Member cannot quote to us the valid authority which lies behind his proposition. Let us be a little more precise in our own minds as regards the exact economic effect: I could have wished that for my own information and that of the House the Honourable Member instead of giving us a series of extracts from his commonplace book could have proved to us the exact value to our central finances of the proposal which he advocates. He talked of our immense central deficits; he did not tell us what effect he expected his proposal, if carried, would have on the position. I admit at once that if the whole of the services of India could be Indianised on a proper Indian basis of pay, and the amendment put forward by Dr. Gour is at least constructive on this point, there would be a saving in the charge of the services. But while the Mover proposes that we should immediately stop European recruitment, he does not propose to take the initial step which would secure us the financial advantage of doing so. He does not apparently propose that we should immediately place all-India services on an Indian pay. He may assume it; but if so that only gives me another point; for that is a process which must be considered and considered in detail by the Royal Commission—another reason why I say that this proposition at this moment lacks reality. But when he talks of the effect on our central finances, it is of little use to quote to us the figures of employment of European officers throughout India. If he is to make any serious inroads on our deficit by the proposals that he has put forward, he will have to do it within the expenditure of the Central

Government itself. He will find it difficult. Some of our purely central services such as Audit and Accounts, or Posts and Telegraphs, or Customs are very largely Indianised at present, he would not effect much by stopping European recruitment there; and to stop European recruitment would of course have practically no effect on the cost of our Secretariats, until the whole of the pay were reorganized on an Indian basis, and even then the saving would not be anything which would have an effect on the budget. In most of his remarks, however, he is obviously referring to our recruitment of the all-India services, which of course are paid for by the provinces. All this talk of reducing our deficits by stopping the recruitment of Europeans is really quite beside the point and to pursue the discussion on these lines would be fruitless.

Well, Sir, that is how the case stands from my point of view. I need not say that as far as I am concerned this is not a question on which one can compromise or a proposition which one can accept. I am not here going into the grounds why we maintain that a proportion, whatever that proportion may be, of Europeans is necessary in the services of this country. I am not going into the long history of what the European services have done for this country in the past. I am not going to fight again the battles which we had when the Public Services Commission reported. I am not going to fight again the contest which we waged when Mr. Jamnadas's Resolution was put forward. It seems to me that little is to be gained by doing this now. I put it to the House that discussion at this moment is of little use in view of the fact that the whole of these questions will now be gone into in an orderly manner by the Royal Commission—and when I say gone into in an orderly manner, I mean to say that they will have to take regard not only of one aspect of the question as the Honourable Member has done, but of every aspect, namely, how far the all-India Services can with profit be provincialised: how far it is possible to re-organize pay generally on a purely Indian basis: whether in doing so we should also re-organize our leave, and other service conditions on an Indian basis: and what additional pay, if any,—I won't say “if any” because everybody allows that additional pay is necessary for Europeans—what additional pay, leave or pension should be given to Europeans who are brought out here either on the Honourable Member's system or on any other—those are the questions they will have to consider; and over and above all they will have to consider what proportion of Indians and Europeans will still be required in this country. That the House should now be asked to vote on a proposition which puts the whole of these questions on one side and merely assumes, assumes without proof and as far as I can make out without support, that it is advisable that from henceforth there should be no European recruitment at all except for certain technical posts—that the House should be asked to answer that proposition at present seems to me unreasonable. I say that the House would be well advised to adjourn this debate; it would be well advised to wait until the Royal Commission sits and to allow public bodies to place their views before it. But in making that proposition I wish to make it also perfectly clear that in no circumstances can Government itself accept the proposition as it now stands. I wish to move, Sir, that the debate be adjourned.

Mr. President : The question is that this debate be adjourned.
The motion was adopted.

24th January 1923.

RESOLUTION *re* KING'S COMMISSIONS FOR INDIANS.

Mr. Muhammad Yamin Khan (Meerut Division : Muhammadan Rural) :
Sir, I beg to move the following Resolution :

"This Assembly recommends to His Excellency the Governor General in Council to be pleased to get King's Commission for Indians by direct recruitment and by promotion from the rank of Viceroy's Commissioned Officers in such number that all vacancies in the Indian Regiments be in future filled by such Indian Officers only till all Indian Regiments are wholly Indianised."

In moving this Resolution, Sir, the first thing I want is that Honourable Members of this Honourable House may not misunderstand my motive in moving this Resolution. I am not actuated by any racial feeling ; I do not wish to in any way minimise the great services rendered to the Indian Army by the British officers for a very long time past. British officers in India have played a great part in teaching discipline to the Indian Army and in maintaining peace and order in the country. The great quality of a Britisher of knowing his duty is well known to all Members of this Honourable House, and the whole House, I hope, will agree with me and will support me in appreciating the services which British officers have been rendering to India. They have taught such good discipline that the fruits of it were found on the battle-fields of France, Mesopotamia, Palestine, South Africa, China and other places. British officers have led the Indian troops in a remarkable way, and they have won great fame for the Indian army. So I do not want in any way, as I said in the beginning to minimise the services of British officers. My motive in moving this Resolution is a totally different one. My first object is to try and get the stigma which attaches to Indian soldiers as a class removed. This is, I suppose, the only country where we have got regiments from a civilized country and from martial races officered by men of other nations. Indian officers have played a great part and they have shown great capacity in many a field and they have proved that they can be capable officers. If such officers who have distinguished themselves in the army are promoted only up to the rank of a Lieutenant or in rare cases, to that of a Honorary Captain, I think it is not doing justice to them ; it will mean that their services are not properly appreciated. Indian soldiers and Indian regiments have won battles for the Empire and it was through Indian hands and Indian soldiers that success was achieved for the British Army in countries like Mesopotamia and Palestine. I think, Sir, that when Indians have proved themselves so worthy as soldiers of the Empire, they deserve better treatment and their services should be properly appreciated and recognised and in a more liberal manner. In India we have got a particular class from among whom men are recruited for the army. It had been for a long time considered that the Indians who come to join the Army are illiterate people and they could not go above a certain status. Now, I find from that very class of people and among them there are a good many people, who are very well educated. The sons of soldiers, the

sons of Viceroy's Commissioned officers are very well educated now. They are receiving their education in public schools, in universities and they can be very efficient officers, if they get a commission from the King. They have got a martial spirit. They have got a tendency. They have got behind them the spirit of centuries. A son of a soldier comes to join the Army and probably the same regiment to which his father belonged. And it is happening in most cases and there is no reason why, if a sufficient number of young men can be found from amongst these people, they should not be given King's Commission and their status should be limited to getting a Viceroy's Commission only. I think that great liberality should be shown towards these people and they deserve it. Up to now, Sir, one difficulty that was the foremost difficulty was that among the martial classes educated people could not be found and that I have explained that difficulty, is being removed every day. Even if that difficulty had not been removed and was not going away by itself, it was the duty of the State to provide proper education in recognition of the services of these soldier classes so that they may be properly educated and they may be trained after the manner of their forefathers. Indian regiments were recruited in the time of the East India Company in this way. The Indian regiments of the East India Company had Indian officers among them but a certain incident—unfortunate incident which happened in 1857 took away the confidence we had in the Indian officers of the Indian regiments, and a policy was pursued after that of keeping proper control over the soldiers. And that policy was pursued on account of this that, if the officers were Europeans, they would properly control and there would be a safeguard for the East India Company or afterwards for the Crown too. I dare say Sir, that that may not be the solitary fact, that may not have been the only guiding factor in adopting that policy. It might have been that the East India Company wanted to train their soldiers after the manner of European discipline and they imported British officers from England to train the soldiers on those lines. But times have changed since then. Now, we find in India many young men who go and receive education in England. They have received education in European style, and this has been wide spread in India for the last three decades at least and a sufficient number of young men are available who can be trained like British young men are trained at Sandhurst. In this way, Sir, I have been saying that for some time past His Excellency the Commander-in-Chief has shown some liberalism in getting King's Commissions for Indians in a larger proportion than used to be the case formerly and India is thankful to him for that. But I should say, Sir, that the number in which the Indians are getting to-day is not sufficient and that is not satisfying my conscience. My object in moving this Resolution is that there ought to be two bodies of army organisation in India, one purely the British Army and the other purely Indian Army. The Indian Army should be officered by Indian officers only and the British regiment should be officered by British officers. and I will not in any way go beyond what circumstances will permit. I quite realise that India at present depends largely on British assistance and British control in this country. If the British left to-day, there will be anarchy in India. But though we may not be able to defend our shores, though we may not be able to defend our frontiers, I want that Indians should receive proper education and proper training to defend their country, and the best course of doing

it would be by giving effect to the Resolution which I am proposing. My Resolution, Sir, has been misunderstood in some quarters. I found some discussion in the press which is due to a misunderstanding of my Resolution altogether. My object is not that if a vacancy falls in the regiment of the rank of a Colonel, a new Indian should be brought there and appointed a Colonel or a Major or even a Captain or even a Second-Lieutenant to-day. My object in moving this Resolution is that officers of the Indian regiment should be limited now. Particular offices should be reserved for the Indian Army, and I suppose that is so, unless they are changed from the British Army. But there should be no change from the British Army. The officers who are reserved for the Indian regiments must stick to the Indian regiments. Suppose there is a vacancy in the rank of Colonel. Of Course, a Major, *ipso facto* either in this very regiment or from the other regiment, whoever is senior, will take his place and will be promoted to the rank of Colonel. People from below will take their precedence and will have promotion. Now, the only vacancy in this way will be that of a Second-Lieutenant or a Lieutenant, and this should be filled by an Indian. All the vacancies which will occur as Second-Lieutenant in the Indian Army should be filled by properly trained Indian officers. I propose in this Resolution that Indians should be given King's Commissions in such number that they may fill all those vacancies which may occur as Second-Lieutenants in future. Now, Sir, by this process, if I am not wrong, as far as my information goes, it takes 22 years to become a Colonel—it may be something more than 22 years, it may be 24 or 26 years, but whatever period it takes, after that time, these Indian regiments will be officered by Indian officers only. So if effect is given to my Resolution to-day, it will take at least 22 years from now to Indianise the Indian regiments only. In this way there will be no harm, and when we have got the reformed Councils, when we have got the statutory period fixed at ten years for revision which, of course, the Government have acceded to curtail sometime ago according to the debates in the Assembly—then, Sir, if it had been for ten years we would have known how much progress India has made towards getting its own army. In ten years probably we would have had all the Captains in the Indian regiments Indians, and only Majors and Colonels would be by that time British officers, but by slow process they would be replaced by Indian officers. There is another safeguard. I know that it might be argued that the English character—British character—when I use the expression “English” I hope the House will understand me to include in it the Scotch and Irish as well (*A Voice*: “How Irish?”)—will have to be preserved. The British character will continue and all the officers will give these young men proper education, and these young men who will come there as Second-Lieutenants will be associating with the British officers and will receive the same training as the British officers in the same regiments and preserve the British character. The same discipline will continue and that will be purely after the English style. After that period, there will be a great saving in the Indian regiment. Now, in the Indian regiments we have got a double system of officers. We have got King's Commissioned officers and Viceroy's Commissioned officers, a double system of Commissioned officers. I do not see what is the use of having two systems, or kinds of officers. The Indian officers are simply kept to help the British

officers, or their chief work is, I understand, simply to get recruits. In British regiments we have not got this double system. They have got the non-commissioned officers which we have got in the Indian regiments as well, but these Viceroy's Commissioned officers are simply there for show, or to give help to these King's Commissioned officers. If effect is given, after 22 years we shall have only one kind of officers, and probably before that comes, once we have got all the Captains and Lieutenants in the Indian regiments Indian, then there will be no necessity to keep a risaldar major or risaldar or other officer of lower rank. Those people who will come as such will bring recruits or there might be a certain percentage in every regiment appointed as a recruiting officer. Now, Sir, I think that will be a great saving in the Indian revenue and the Indian Army will be able to stand by itself. This will not affect in any way the position of British regiments in India. The point which has been argued and which might be argued on behalf of the Government that there is always a fear of breach of the peace might be removed too. Last year in the Budget speech His Excellency the Commander-in-Chief said and that gave rise to a lot of criticism in this House that it would take years and years to get the Indian Army. Of course I am not going into controversial matter and I do not wish to revive the same discussion to-day. I do not wish to move this Resolution in that spirit but I wish to move this Resolution in the spirit in which I have spoken to-day. There used to be one bogey. Every time there was a question of Indianisation of the Indian Army the Afghan bogey was put forward and there is the question of Bolshevik Russia. The Afghan bogey is no more. We have got no fear from those quarters. There is a treaty settled with the Afghan King and Afghan Government is a peaceful ally of the Indian Government. Bolshevik Russia is far removed. I think even if those questions were present to-day, my Resolution would not affect them because this would not bring in any sweeping change. This would not bring a change in a day or two, in a year or two but it will bring a change certainly after more than 20 years. Then, Sir, riots may take place in India like those in Malabar. For the purpose of keeping down such things, there might be a strong British army, if that British army is really required in the strength in which it is kept. That is a question on which I do not wish to dwell because that question is covered by another Resolution of mine, which is not for discussion to day. We find that the regiments which were employed in Malabar were mostly Gurkhas and other Indian regiments too. So I can say that Indian regiments can always be safely trusted to deal with situations like that and there is no reason not to trust the Indian officers who would be trained in the British style and according to the traditions of British regiments. This is, Sir, my chief motive in moving this Resolution and I think, Sir, and I hope that it will meet favourably from the Government party, and I hope and I think this is not such a request which may be not granted. I hope His Excellency the Commander-in-Chief will see his way, knowing the need of the country and the object for which I wish to move this Resolution and what is my idea, to accept it.

Mr. Deputy President : Resolution moved :

"This Assembly recommends to His Excellency the Governor General in Council to be pleased to get King's Commission for Indians by direct recruitment and by promotion from the rank of Viceroy's Commissioned Officers in such number that all vacancies in the Indian

Regiments be in future filled by such Indian Officers only till all Indian Regiments are wholly Indianised."

His Excellency the Commander-in-Chief : Sir, I welcome this opportunity to say a few words in reference to this Resolution. The Government are well aware that Members of the Legislatures, and indeed an even wider circle of political opinion in India, are deeply interested in this very important problem. I can assure you that the Government have taken, and are taking, an equally keen interest in it, though circumstances have so far not made it possible to make a definite announcement with regard to the matter or to state the measures that are in contemplation in order to secure the object which the Honourable Mover has in view. From statements already made in this House Honourable Members are aware that the Government is still not able to set on foot any specific scheme of Indianization, or even to say really now when this will be possible. It is hoped, however, that it will be possible to make an announcement at no very distant date when the correspondence which is still proceeding between the Government of India and the Secretary of State has been concluded. The correspondence has been prolonged, and the consideration given to the matter has been very thorough, as indeed the importance of this matter deserves. The Resolution does not therefore deal with any new proposal but with one which has already been very fully explored. In these circumstances, it will be clear that it would not be open to the Government to accept the Resolution as it stands, since they cannot prejudge matter which is still under discussion. On the other hand, the Resolution is not unwelcome, since it gives me an opportunity of placing before the House some at any rate of the consideration on which a decision must ultimately depend, and also of stating in their proper relation the measures which the Government have already undertaken to grant His Majesty's Commission to Indians. Now I presume it is thoroughly understood by every Member of this House that Indianization is a process which relates only to the Indian Army. I am not sure that there has not been in certain quarters some misunderstanding in this respect. Indianization is in no way connected with the British units which serve in India or with the question of reducing their numbers. The question of Indianization arises only in regard to a specific portion of the Army in India, namely, the Indian Army, and the object in view is, primarily, the replacement of British Officers of the Indian Army by Indian Officers holding King's Commissions.

Now, before I go any further I want to say that you cannot expect me as Commander-in-Chief in India to view with unmixed feelings the possibility of eliminating the British Officer from the Indian Army. Whatever may happen in the future, if India is in the end able to do without the British Officer in the numbers that have hitherto been employed, Honourable Members of this House and I hope also a much wider circle will recognise the inestimable value of the services which the British Officer has rendered to India in the past and of the conspicuous part that he has played in building up and consolidating the Indian Army, an army of which the people of India have every reason to be proud. The Indian Army has a traditional reputation for efficiency and reliability which is I think universally acknowledged. It will be unnecessary for me to dilate on their heroism, their self-sacrifice; for Honourable Members all know the great achievements of the Indian Army

before the great war, during the great war and since the great war, both in India and overseas. And if any testimony as to the share which the British Officer has had in these achievements were required, it would be, I know, readily forthcoming from the most authoritative quarter possible, namely, from the Indian Officers and the Indian soldiers themselves. To me one of the happiest and most striking features of the British Raj in India is the respect, unquestioning obedience and, I would add, the genuine affection which for many years his Indian comrades have invariably given to the British Officer of the Indian Army. I should not do justice to anyone, least of all to the representatives of the people of India if I did not at the very least pay this tribute to the order which the Resolution of my Honourable friend apparently seeks to change. Now, it would be idle to ignore, on the other hand, the desire for change that comes very naturally with changing times, and I can readily understand that as the people of India claim increasing independence they should also claim increasing opportunities to fit themselves for self-defence. A desire that the Indian Army should be Indianized follows as a natural sequence, and Government, as I have already said, have for a considerable time recognized that a demand of this kind is inevitable and they have spent much time and pains in investigating the best means of assisting the people of India to realize their ambition without at the same time sacrificing even for a time the traditional efficiency of the Indian Army. It goes without saying that even in the transitional stage it will be essential to preserve the country's means of defence efficient and unimpaired. This is the first and the greatest difficulty of the problem before the Government. An efficient army is composed of intensely human factors, one of the chief of which is an inherent dislike for violent changes. A change of this nature which would rapidly eliminate a large number of British Officers would certainly be a violent one. Obviously a step of this kind would best be taken when the skies are clear and the process of transformation undisturbed by the presence of dangers either external or internal. And I need hardly remind the House that ever since the end of the great war India has never wholly been free from some form of external or internal menace. Neither of the difficulties which I have mentioned, however, have discouraged the Government from attacking the issue. And what I wish here to emphasise is that, while larger schemes have been maturing, definite measures have been taken to secure the grant of King's Commissions to individual Indians who are suitable and qualified. The first results of our efforts to secure suitable candidates for Sandhurst were not very encouraging. The number of Indian boys who came forward in itself was small and very few of them were found to have reached the standard of educational and physical fitness which are required to qualify a candidate for the first stage of a military career. It will probably interest the House to learn in some detail the steps which the Government have taken to overcome these difficulties. The story is one of steady and continuous progress. In the first instance, during the war and since, 371 Honorary King's Commissions have been granted mainly as war rewards to Indian Officers holding the Viceroy's Commission in the Indian Army. In addition to these, there are now some 66 Indian Officers holding the full King's Commission and serving in the Regular Indian Army, or doing the normal period of attachment with a British regiment, which is required of every officer, whether British or Indian.

before he joins the Indian Army. Of these latter some were originally in the Imperial Cadet Corps and were commissioned from the Indian land forces. Others were commissioned from the Cadet College established during the war as a temporary measure at Indore ; others were again promoted from Viceroy's Commissions and others have been commissioned after a regular course of training at Sandhurst. In addition to these, there are at present some 23 Indian Cadets under training in the Royal Military College at Sandhurst, who, if successful, will shortly qualify for King's Commissions. But we have dug the foundations even deeper than this. In order to enable Indian boys who desire to enter the Army to acquire the qualifications for admission to Sandhurst we have, as this House is well aware, established the Prince of Wales Royal Indian Military College at Dehra Dun. At the present moment there are 38 boys in residence in the College and by April 1923 I hope there will be 70 boys. The report on the first term's work of the Dehra Dun College was distributed to Members of the Legislature and I have only recently received a report on the working of the second term, the contents of which are most satisfactory. I should like to quote you a few passages from this Report. It says :

" The lines on which the cadets have been organised into sections and also into divisions for studies, have proved eminently satisfactory and will be continued. The Cadet Captain and Section Commander are with experience realising their responsibility, acquiring an aptitude for command and have carried out their duties in a manner which does them credit. The continuance of this system will, it is hoped, enhance their usefulness and lead to beneficial results in general."

And again it says :

" There has been an all-round improvement and many cadets, who had apparently played no games before they joined, show a wonderful change in their physique, manliness and agility. The Inspector of Physical Training inspected the Cadets in November and expressed himself fully satisfied with the results."

I myself recently inspected the College and found that the school has been admirably organised and is being well administered by an exceptionally efficient staff. Nothing more could have been done, beyond what has already been done to ensure its success, and—as the Honourable the Finance Member is not here I may perhaps refer to it—I am contemplating in the not very distant future an increase to this College by a considerable amount. I hope that, perhaps within twelve months it may be possible to double the numbers that are already there.

You are also aware that the Government contemplate the establishment of other military institutions which will provide an education, preliminary to the education to be obtained at the Royal Indian Military College, Dehra Dun. We are doing this because it has been realised that, if Indianization is to be given the fullest chance of success, it is essential that Indian boys, who desire an Army career, should have precisely the same opportunities and facilities in the matter of education, both physical and mental, as have always been enjoyed by English boys who are destined for a career in the Army.

Finally, in regard to this aspect of the case, I think the Legislature ought to know that, in order to remove the possible discouragement that might otherwise have existed, Government provide education at Dehra Dun at a cost to the parent below the cost to Government of maintenance of this institution.

The facts which I have just stated are sufficient to show without any further comment from me that, in anticipation of wider proposals for Indianization, Government have adopted a markedly progressive and thorough policy, for the purpose of securing qualified Indians as officers for the Indian Army, and the only further point to which I desire to draw particular attention is that, so far as human means can devise, the Indian cadet is being given every opportunity to make himself as efficient an officer as his British confrère.

I presume by the way that Honourable Members understand why we attach so much importance to the preliminary education of candidates for King's Commissions. In all modern countries good education, as the foundation of character, has always been regarded as essential for those who desire to take up the profession of arms in the capacity of officers. An officer is first and foremost a leader of men, and it is necessary for him at the outset to acquire the knowledge and the character which will not only enable him to face danger himself, but will give him the power to induce others to follow him when danger threatens, and to inspire them with trust and confidence in his ability to lead them to success. Initiative, resolution, coolness of judgment, and capacity to command, are the essential qualities of an officer, and the education of those who aspire to hold His Majesty's Commission, must from early boyhood be designed to develop these qualities to the fullest possible extent.

Again, the profession of arms has at all times had its scientific side, but this aspect has in recent years, and particularly since the great War, become very much accentuated. The education of an officer does not cease when he receives his first Commission, as some people are very liable to think. In reality it is then only beginning and it continues throughout his whole career. I am myself still learning every day from Honourable Members in this House, whose ideas are sometimes new and the expression of them forcible. In recruiting officers for the Army, we have to look for those who will not only be successful as combatants but will be successful also in the technical, administrative and Staff Department of an Army. These considerations must, however, be familiar to all. I have laid some stress on the matter because it leads me to one of the specific objections which debar Government from accepting the Honourable Member's Resolution. To accelerate progress by the grant of King's Commissions on any considerable scale in the near future to officers who at present hold the Viceroy's Commission would not be a practicable scheme since the latter do not as a rule possess the educational qualifications or the capacity for educational betterment which are essential not only in the junior ranks of the army but also, and more particularly, in the senior ranks. The problem is not merely to get a sufficient number of Indian officers as such, but to obtain those with the character and educational qualifications which will enable them to rise to positions of trust and responsibility. To make an Army you require to have officers trained in combatant, technical and staff work capable of discharging the duties of the multifarious posts which are necessary for the successful administration of a modern Army. No one knows better than I do what a magnificent body of men are the Indian officers holding the Viceroy's Commission to-day and what superlative services they have rendered and are rendering to India and the Army. Many

of them have received the King's Commission, largely as a reward for gallantry and distinguished service in the field and we shall continue to recognise such distinguished services by the grant of further King's Commissions to this class as time goes on. But you may take it from me as certain that it would be wholly impracticable to find the bulk, or even a large proportion of the officers required for the Indian Army from this source alone. There is also, as it appears to me, another obvious flaw in the proposal of the Mover of this Resolution. As I read his Resolution, he suggests that the recruitment of British officers should now wholly cease and that in future none but Indian officers should be recruited from the Indian Army. In the light of what I have said to you, in view of the paramount necessity of maintaining your capacity for defence unimpaired throughout the transition stage, would it be wise or even practicable for Government to commit themselves to the wholesale Indianisation of the Indian Army before they had had an opportunity of proving either the success or failure of such a change by Indianising some portion of the Indian Army, and by testing a wholly Indianised unit not only in peace but also in war or in some form of frontier service. Perhaps the House will allow me to quote the observations on this point of a very distinguished Member of this House whose presence we miss here to-day but whose interest in this problem and whose knowledge of its intricacies is probably unequalled amongst Indians—I refer to my friend, Sir Sivaswamy Aiyer, who, writing in the *Nineteenth Century Review* not very long ago, said :

“No sane Indian politician advocates the filling up of the higher ranks of the Army with Indians without training or experience.”

and he adds :

“As a matter of fact, no one has asked that the commissioned ranks should be exclusively recruited from among Indians: we have been pressing only for the removal of the barriers against us and for the recruitment of Indians to the higher ranks on a liberal scale to start with progressive annual increments.”

I wish he was only here to-day to take part in this debate because he has studied the question to my knowledge with great care and very profoundly.

I think I have said enough to indicate a few of the difficulties with which this problem bristles. Some of the barriers have already been removed. The attitude which Government have so far adopted in regard to this matter, though it has been prudent, has also been reasonably liberal. I have mentioned that further changes are in contemplation. What form these will take I am not in a position at the present moment to reveal. But in reference to Mr. Yamin Khan's Resolution I would say to the House: “Don't try to run before you can walk. If you do, you will assuredly fall down.” In dealing with the Indianisation of the Army, India must proceed by degrees and by well-considered stages, if her advance towards the desired independence in other departments of the administration is to progress surely and safely without undue risk or danger to the community at large.

Sir Deva Prasad Sarvadhikary (Calcutta: Non-Muhammadan Urban): In the first instance, Sir, I solicit your leave and the leave of the Assembly to move a few verbal amendments to the motion put before the House by Mr. Muhammad Yamin Khan and if that leave is not allowed I shall speak

to the Resolution itself. The amendments that I ask your leave, Sir, to move is to substitute the word "or" for the word "and" in the second line, to omit the word "all" in the third line, to omit the word "only" in the fourth line, and to omit the word "wholly" in the fifth line.

Dr. H. S. Gour : (Nagpur Division Non-Muhammadian) : Read the whole after filling in the amendments.

Sir Deva Prasad Sarvadhikary : I am going to. We have had many lectures from Dr. Gour, but that hint from him is hardly needed. The Resolution as I would amend it will stand like this :

"This Assembly recommends to His Excellency the Governor General in Council to be pleased to get King's Commission for Indians by direct recruitment or by promotion from the rank of Viceroy's Commissioned Officers in such number that vacancies in the Indian Regiments be in future filled by such Indian Officers till all Indian Regiments are Indianised."

Have I your leave, Sir ?

Mr. Deputy President : Yes.

Sir Deva Prasad Sarvadhikary : Sir, the Commander-in-Chief is in a learning mood

Mr. R. W. Davis (Madras : Nominated Official) : But the leave of the House has not been obtained. I object to the amendment.

Mr. Deputy President : I have allowed the Honourable Member to proceed with his speech. It is for the House to accept or to reject the amendment.

Sir Deva Prasad Sarvadhikary : I have leave to move the amendments. That has been given. It is too late now to object to it. Well, Sir, the Commander-in-Chief is in a learning mood and he learns even in this Assembly. We are also in a learning mood now and ever. We have learnt much from what His Excellency has told us this afternoon. Much have we heard that heartens and encourages us for the future. We recognise the difficulties of the situation and the limitations of the position. While we do that, we are anxious to place before the Government and the public some substantive and substantial form in which we make our demand. We recognise the difficulties of the Government of India. It is not merely Whitehall, as Dr. Gour cried out in the course of the Commander-in-Chief's speech, that is interfering with us. Whitehall for this purpose is a mere post office between us and what the War Office stands for—the military organisation of England. Even when Whitehall is sympathetic, it will not be able to have its own way altogether. That, however, will not prevent our making our demand.

My first amendment has reference to what the Commander-in-Chief said regarding the present position, calibre, status, and education of the Viceroy's Commissioned officers, and it will not be possible, if we retain the word "and" to have recruitment according to the military authorities' requirements from that body to any very considerable extent. My amendment, however, will not shut them out in suitable cases. The matter is left entirely to the military authorities to decide whether it can and shall be by recruitment or by

promotion from the Commissioned ranks of the Viceroy's Officers. That gets rid to a certain extent of the objection that His Excellency has put forward with force that I recognise.

Sir, when Indian officers are going to take the place of British officers, even though it be in the Indian regiments, I do not for one moment want to countenance the position that they shall be inferior to the British officers in any way, by education, by training and character and various other things which are inseparable from a good soldier as well as a good citizen. He ought to be able to hold his own in the Army, as Mr. Rangachariar suggested this morning they ought to be able to hold their own in the Civil Service. Therefore, that is a *sine qua non* which nobody will want to do away with. We

5 P.M.

are entirely at one with Sir Sivawamy Aiyer reference to whose work we appreciate. Conceded that, the Army Authorities and the Government will find it difficult to resist our demand so far as that is concerned.

Then we recognise the difficulty of rushing things. Apart from considerations of expediency, where are the men to be had immediately to take all these places as vacancies occur? It would to a certain extent be a gain for the present if suitable men, like those that gave such good account of themselves in the Bengal Ambulance Corps and the Calcutta University Corps—as they come along, are given promotions and this amended Resolution would secure this object. I do not think piling up of superlatives such as “all,” or “only,” or “wholly” will add to the force of the demand. Indianisation is Indianisation. It has a definite meaning. Whether Indian Regiments are to be wholly Indianised or largely Indianised or mainly Indianised will be determined by the exigencies or the circumstances for the time being. Our goal, our objective, our ideal, here as elsewhere, is that Indianisation shall proceed as far as possible and as fast as possible, without detriment to efficiency, without detriment to the high standard which we must maintain in our Army, as everywhere else. If all this is conceded, where comes the difficulty in accepting the substance of this Resolution? Government is busy corresponding, framing schemes; we have indications which show what the mind of the Commander-in-Chief and the Government here is. That is encouraging, but that does not go very far, for they are handicapped. We want definitely to say that this is the ideal that we aim at and we should like to know what there is to prevent that ideal being accepted and being given effect to cautiously, slowly, if you like, but steadily and without any detriment to the goal and objective in view. Sir, the Commander-in-Chief has himself said that this is a deeply important matter. We consider this to be vital. Everything else pales in importance where nation building is concerned. If the Reforms are to be a real success, we must have an abundant part in the national defences of the country and must be prepared for it apace, but certainly without detriment to efficiency again. That we are quite agreed about.

Sir, the Commander-in-Chief has said that it must be made quite clear that Indianisation applies only to Indian regiments. The motion before the House does not take us any further than that. But may we not some day hope that just as he wants the British officer to continue in the Indian regiments it may be possible for Indian officers to take their place alongside

British officers in British regiments? What has happened in other walks of life, the civil service, commercial life, educational and medical including the Indian Medical Service, service in law, engineering, everywhere? The Indian who has been tried and found not wanting has had conceded his place above his British colleagues and the Britishers, be it said to their credit, have loyally served them. Are we not seeing this now in the Secretariat, in the Honourable Indian Members' Departments, in the High Courts, at the Bar, in commerce, in education, everywhere; wherever an Indian had his chance he has justified himself (*A Voice*: "and as soldiers"). And as soldiers. This was unthinkable only a few years ago and still it is so. A time may come, —who knows, why not soon—when India will have her own British regiments untrammelled by considerations of War Office Routine—of British regiments officered by British and Indian officers,—who knows that Indian officers will not be welcomed by British regiments themselves to take their place alongside British officers. Sir, that is not the objective of this amendment, but as the Commander-in-Chief has introduced the matter, I think we may be permitted to express the hope that a time may come, when by soldierly and citizen-like qualities an Indian soldier may be permitted to take his place alongside the British officer in British regiments as well. But that must be for another day.

Sir, the value of the Indian Army is recognised. Its gallant officers by war services have earned King's Commissions,—371 of them. Many more of them have given their lives and many more have fought gallantly. Could not many more have been given Commissions? If the authorities had their scheme ready, if they are really sympathetic and fully prepared, they could and would have done what is or must be inevitable in the near future. Sir, I do not want to take up the time of the House too long. There must be many other Members who are anxious to speak but I think it is up to us in this Assembly clearly, definitely and strongly to say that we want something, definite, substantial and intelligible, on the lines of the amended Resolution. At one time I thought that one or other of the amendments might suit the circumstances of the case better, because one does recognise that one cannot decide in detail these things in an Assembly like this and in a hurry. But what we are proposing to-day, subject to the amendments that I move, is fairly definite but not aggressive or inadmissible so that the authorities may not have any option in the matter. They have to accept the principle and give effect to the spirit of the Resolution as soon and as well as they can. If this proposal is accepted they can do this in the near future and must.

Mr. T. V. Seshagiri Aiyar (Madras : Nominated Non-Official) : I move that the discussion be adjourned.

The Honourable Sir Malcolm Hailey (Home Member) : It disturbs me to have to place before you a motion which is, for me, of an unusual nature. Usually such motions come from my friends on the opposite side. (*A Voice*: "Not always.") The fact however is that this evening we have a very important Executive Council meeting at 5-30 P.M. at which the presence of all Members of Council is necessary, it is therefore difficult for us to continue this discussion. I would, therefore, ask you, Sir, to adjourn.

17th February 1923.

RESOLUTION *re*: KING'S COMMISSIONS FOR INDIANS AND INDIANISATION OF THE ARMY.

Mr. President : The Assembly will now resume the discussion of the Resolution moved by Mr. Muhammad Yamin Khan, which is as follows :

"This Assembly recommends to His Excellency the Governor General in Council to be pleased to get King's Commissions for Indians by direct recruitment and by promotion from the rank of Viceroy's Commissioned Officers in such number that all vacancies in the Indian Regiments be in future filled by such Indian Officers only till all Indian Regiments are wholly Indianised."

To which an amendment has been moved :

"That for the word 'and' the word 'or' be substituted, and that the word 'all' before 'vacancies' be omitted, the word 'only' after the words 'Indian Officers' be omitted, and the word 'wholly' before the word 'Indianised' be omitted."

The question is that that amendment be made.

His Excellency the Commander-in-Chief : Sir, with your permission I desire to make a statement to the House. Speaking in this Assembly on the 24th of January last, I expressed the hope that it would be possible to announce at no very distant date what measures are to be adopted in regard to the Indianisation of the Indian Army. In the short interval that has elapsed the correspondence which I then said was proceeding has been concluded, and I am able to announce to the House the following decision. The Government consider that a start should be made at once so as to give Indians a fair opportunity of proving that units officered by Indians will be efficient in every way. Accordingly it has been decided that eight units of cavalry or infantry be selected to be officered by Indians. This scheme will be put into force immediately. The eight units to be wholly Indianised will be mainly infantry units, but there will be a proportion of cavalry. They will be chosen judiciously so as to include as many representative types as possible of Indian battalions and cavalry regiments of the Indian Army. Indian Officers holding commissions in the Indian Army will be gradually transferred to Indianising units so as to fill up the appointments for which they are qualified by their rank and by their length of service, and the process of Indianising these units will then continue uninterruptedly as the officers gain seniority and fitness in other respects, which will qualify them for the senior posts. I have given the House these few details because I think they will be of interest as revealing some of the practical aspects of the change. There is one other point, however, which it is necessary for me to explain. It is that, simultaneously with the Indianisation of these selected eight units, Indians who qualify for the King's Commission will continue as at present to be posted to the other units of the Indian Army. The number of Indian cadets now sent to Sandhurst each year, if all pass out successfully, is more than sufficient to replace the normal wastage in the eight units alone. I draw attention to this matter as it is of significance which the House I am sure will not fail to appreciate. Once more, before sitting down, I wish to express my gratification that this great step forward has been made. I hope that the people of India will appreciate the importance of this step and will realise

also that it now rests with them to justify the decision of the Government. I hope that no effort will be spared to make the measure which has been approved a solid and a conspicuous success. The responsibility which lies before these young men who will officer the Indianised regiments, is no light one. They will have in their hands not only the lives of their men, but also the task of maintaining untarnished the high and ancient traditions of the regiments to which they are appointed. I can assure them that in the new and in the wider career which will now lie open to them, they will have the active and the generous support of the Government of India and of their British comrades in the Army. Their success or their failure will mean much to India. The initiation of this scheme constitutes an entirely new departure which, though limited in its scope, is one which may have far-reaching results. I trust that the Members of this Legislature and that the people of India as a whole will support the Indian officers of these Indianised regiments with living and with practical encouragement, for by this means only can Indianisation hope to deserve and to command success.

Mr. B. S. Kamat (Bombay Central Division : Non-Muhammadan Rural) : Sir, I shall venture to offer a few remarks with reference to the action which Government have been good enough to announce that they are prepared to take, and I shall also venture to indicate the lines on which the aspirations of the people are at present running. In the first place it is my duty, I think, to thank His Excellency the Commander-in-Chief for the announcement he has made and for the small mercies which Government have decided to show to this country. I do not wish to go into general propositions, but shall go into a few details, chiefly with a view to elicit more information from His Excellency the Commander-in-Chief. In order to do so I think I shall have to take stock of what this House decided two years ago, what Government did during the interval and whether what Government are prepared to do at the present moment meets with our satisfaction. This House two years ago in 1921 on a Resolution of Sir Sivaswamy Aiyer decided, and Government also accepted, that His Majesty's Government should admit Indians to all the different arms of His Majesty's forces. Now that means that Indians should be admitted to the Air Force and to the artillery among other branches. In the announcement which His Excellency the Commander-in-Chief has been pleased to make this morning, I find he has not told us whether, as a result of the correspondence which Government had with His Majesty's Government, they have come to any decision on those two points. If I understand Indianisation of the Army aright, Indians must be trained to defend the country in all its branches. They must be trained to use their intelligence in the Air Force and in the artillery and to command in these arms. I wish to know whether any decision has been arrived at on these two points. During the last two years I recognise that Government have done something ; a Military college has been opened at Dehra Dun ; a few military schools in connection with that college are contemplated and Government have also framed certain regulations for admission to the Dehra Dun college which is a preparatory and preliminary college for cadets being sent up to the Sandhurst College at Home. Now, when the Proposer of the Resolution and the Mover of the amendment opened up the principle that the vacancies in the Indian Army should be all filled up by Indian officers, I do not know whether they

threw any light, or sufficient light, on what we wanted, or what they meant by Indianisation on the principle of filling up vacancies. As far as I can find out the figures, Sir, the present British officers in the Indian Army are as follows: In the cavalry they are 548, and in the infantry they are 2,688, making a total of something like 3,200 British officers in the Indian Army. So far as the artillery is concerned the whole of that arm of the forces is officered by British service men. It is not open to officers of the Indian Army, if I am correct. Taking therefore this figure 3,200 as the total of officers which eventually according to the goal we have in view we have to replace by Indians, I am not quite able to follow His Excellency the Commander-in-Chief when he announces that 8 units will be thrown open to Indians. I want to know in terms of so many officers what proportion it bears, not to the total number of units or regiments but to the total number of posts of British officers, because after all what we want to do is to replace eventually all these British officers in the Indian regiments by Indians; what we are more anxious to know, therefore, is how soon this total of 3,200 officers, or at what reasonable date this total number of 3,200 officers will be capable of being replaced by Indians according to the present process of intake at the Sandhurst College or the intake and the flow at the Dehra Dun College. That is precisely the position. Now, in order to understand that and in order to find out whether our process of Indianisation by training at Sandhurst is adequate, whether the pace is rapid or slow, we must know how many cadets have been turned out, how many have passed out of the Sandhurst College during recent years. Now, I do not know whether it would be perfectly relevant to go into the figures before the year 1919. But I believe for the purpose of comparison it is germane and pertinent to know how many cadets are being turned out from the Sandhurst College and whether the flow is adequate enough to replace the 3,200 officers in a reasonably short period of time. Now, the number who passed out of the Sandhurst College in 1919 were 2 in the spring term and 4 in the autumn term, in all 6. Those who passed out in 1920 were only 2. Those who passed out in 1921 *nil*. And I believe in the spring of 1922, 2 people were under training there. So that at the present moment only 18, or to take the most up-to-date figures perhaps 23 people are under training in Sandhurst. Now, if my figures are correct, I should like to know whether you can replace 3,200 people, by the process of filling vacancies occurring amongst them; I doubt if this process will Indianise the Army at a reasonably early period. Now, I do not know what the percentage of vacancies per annum is to the total number of officers. I am not aware whether it is taken on the actuarial basis or on some other basis, but, even taking the ordinary actuarial basis of the percentage of vacancies to be say 3 or 4 per cent., the vacancies after all will be very few; I think it is no use attempting to Indianise the Army by filling in only the vacancies as and when they occur. In other words, the process of Indianisation by filling in vacancies is rather a very very slow process indeed. What, therefore, is necessary is to withdraw British officers from the Indian regiments and replace them, irrespective of vacancies, if you really want to Indianise the Army very quick. Now I am glad to hear this morning that a principle like this, namely, to replace, irrespective of vacancies occurring, some British officers by Indian officers, has been accepted and that 8 units will be replaced by this process of entirely withdrawing British

officers and putting in Indians in their place. Sir, grateful as I am for these small mercies, even so I think that the process will be a very slow one indeed, taking into consideration the fact that you have to replace sooner or later no less than 3,200 officers. Now, having shown that the percentage of passes and people admitted into Sandhurst College is very small and therefore the intake would be very small, I would now like to deal with the second question, namely, whether the regulations which are framed by Government with reference to admission to the Dehra Dun College are likely to satisfy the requirements of the country. Because, the Dehra Dun College is after all a College for preliminary training for the ultimate training to be given to Indians at Sandhurst. Now, I fully recognise, Sir, that the education for a military career ought to be very sound; it ought not only to look to educational attainments of the candidate; a man destined for a military career must have character, an instinct for leadership and other qualities as well, and, if possible, must be trained in the environment of Sandhurst where he can rub shoulders with his British comrades. But taking all these facts into consideration, there still remains the question whether the present rules are in the circumstances of India fair enough to attract a large number of people. Now, looking into these regulations, I find that the age of the boys who will be admitted under the regulations in the first year class in Dehra Dun College is 12 to 13. Boys over 13 are not to be admitted. Now, I consider, Sir, that, considering the habits and customs of the people of this country, this is rather too tender an age for Government to lay down. I recognise that the military career, if it is to be successful, ought to be begun at a very early age. But to imitate the public school regulations in England and to transplant them here and to lay down that boys in so vast a country as India should be admitted to a place like Dehra Dun at the tender age of 12 or 12½ years is I think a very hard condition. Now, I want to say a word about the allotments in the admissions. The total number of people to be admitted into the Dehra Dun College is at present about 40 and eventually, finances permitting, Government hope that it may be raised to 70. I want the House to realise whether the present number 40 is adequate for the needs of the country. If we have to Indianise the Army very quick, the total minimum number of 40 laid down or even 70 for next year or the year after that is, I believe, a very small number to fix, if at all we are to go on with the process of Indianisation fairly quick. Now, even with this number of 40, which is the utmost number allotted for admission at the Dehra Dun College, we have to remember the sources over which this number of 40 is distributed. The sources are three. These 40 students to be admitted into the Dehra Dun College are distributed firstly between the different provinces of British India, (2) the Indian States, and (3) the sons of Indian officers of good service in the Indian Army. Now, my point is that, if 40 is to be distributed over these three sources, the number that will eventually be allotted for the sons of the middle classes or the other classes in the different provinces of British India, the share that will go to them will be very small indeed and, therefore, in order that the 9 different provinces in British India should get an opportunity to send a larger number of boys for a military career, I think the number to be admitted into the Dehra Dun College and to be eventually sent up to Sandhurst ought to be increased, whether the

finances at the present moment strictly allow it or not; for the simple reason that we are spending on the military side of our Budget no less than 62 crores of rupees and I think it is but just and fair that, if the country is spending so vast an amount, the Military Department ought to spend for the training of cadets much more than the Dehra Dun College is doing at present.

To sum up, then, Sir, in the first place, I want to know whether Government have arrived at any decision whether Indians will be admitted and trained for the Air Force, I want to know, secondly, whether the Artillery will be thrown open to the Indians. Thirdly, whether the 8 units in which of course Government are now prepared to replace Indians, whether that bears a reasonable proportion to the total number of officers, 3,200, if that figure of mine is correct, and fourthly, whether the regulations for the admission to the Dehra Dun College are sufficiently elastic as to give the fullest opportunity in the different provinces to Indian boys who are to be educated for a military career.

Mr. P. P. Ginwala (Burma: Non-European): Sir, the Honourable Member from Madras, (*Mr. Moir*) who spoke a little while ago from that corner has charged us with not showing due appreciation of the announcement that was made by His Excellency the Commander-in-Chief this morning. I may, however, remind the Honourable Member from Madras that according to the conventions of political life as they are understood on this side of the House it is not always necessary to go into raptures over every announcement that is made. We are conscious of the fact, and I am prepared to admit it and I believe Honourable Members on this side of the House who agree with me in my opinion will endorse that view—that a very momentous announcement no doubt has been made by His Excellency the Commander-in-Chief to-day. This step which has been taken, I venture to state, is a step which ought to have been taken long ago, but we are grateful that the step has been taken eventually and that a Government which we have often described as incorrigible has shown itself capable of improvement in course of time. The Honourable Member from Madras also stated whether, if the policy enunciated by His Excellency the Commander-in-Chief was pursued to its logical conclusion, a time will arrive when India will be able to face aggression from without, and he drew a parallel from the past. It is needless to point out that historical parallels are often untrue, because the circumstances change, while those who draw the parallels do not appear to recognise the change of circumstances. If it was a fact that the Indian army of the future was to be absolutely on the lines of the past—like it was in the days of the Ramayana and the Mahabharata and even of more recent pre-British times,—it may reasonably be argued that the Indian Army of the future may not be equal to the occasion if foreign danger really took the form which it is anticipated by some men on the analogy of the past it would take. But we have been in contact with the British Army for 150 years; we have learnt some of that art or so much of it as has been accessible to us under our peculiar conditions. We have fought along with them; we have built up our own traditions which are entirely different from the traditions of those days in which an Indian Army was not able to face outside aggres-

sion. We are prepared yet to learn from the British officer and we have not said that the British officer is to leave this country bag and baggage to-morrow. He will be with us still, and we hope that he will always be with us in some form or other. To say, therefore, that if the Indian Army is Indianised the history of the past will be repeated is to commit an anachronism which has been exploded times out of number in human experience.

There are one or two expressions in the speech of His Excellency the Commander-in-Chief which he made on the 24th January, to which with great respect I would take exception. He said, when giving the reasons for not expediting the pace of reform in the army: "I need hardly remind the House that ever since the end of the Great War India has never wholly been free from some form of external or internal menace." Now, I would like to ask His Excellency the Commander-in-Chief—can he say of any country at the present moment, leave alone India, which has been free from these two dangers? Can he point to any country and say that in any particular decade it was always free from those two things? Can it be said of any country in Europe just now that these dangers do not exist? It is no good, Sir, talking of these dangers; they are permanent dangers as far as human society is constituted and they have to be borne in mind in whatever direction you wish to proceed. Then, with regard to the "internal menace," I do not wish to enter into a discussion on the principle involved in those two words. But I protest against that expression being used in connection with the maintenance of the Indian Army. It is no function, I maintain, of the Army to preserve internal peace and this House will not recognise that principle. The Indian Army cannot be maintained on the principle of maintaining internal defence, unless you are prepared to admit that the basis of the Government of this country is your Army. If that is not your position, then I maintain, Sir, that the sooner the doctrine of preserving internal peace and order by the military forces of the Crown is abandoned the better.

There was another remark made by His Excellency the Commander-in-Chief and it was this, that it was essential, if the Army was to be efficient, that the Indian officer should have the same training and the same education as the British officer. Baldly stated, that proposition is a sound one, no doubt, but what has been our experience in the past in applying this doctrine to other branches of education? Did not we adopt the doctrine in the latter half of the last century, that whatever was good for the British youth was good for the Indian youth in matters of general education, and have we not been trying from the beginning of this century to correct some of the errors which we perpetrated in consequence of the adoption of that doctrine? If you are going to start your new career of Indianising the Army upon that doctrine, I venture to submit that the time will come when you must revise that policy of yours as you are having to do to-day in matters of other branches of education. And, before we start on any very large scale upon this career, in my opinion an examination is necessary as to whether we are going to apply to the Indian officer exactly the same standards of education as are applied to the British officer.

I will now turn for a moment to what the Honourable Member for Commerce and Industries had to say on behalf of the Government with reference to its relations with the Secretary of State. As he got up to speak, Sir, he reminded me of a picture of Prometheus Vincetus which I had seen some years ago where Prometheus was chained to the rocks by the thunder of a cruel Jove and while he was doing his best to break his chains he could not do so. I may, however, tell the Honourable Member for Commerce and Industries and his Government that they can snap those chains if they try. If they submit to what they are allowed to receive from the Secretary of State, those chains will never be broken. But, if they insist upon their own rights and if they take this Assembly into their confidence and ask for our support to break those chains, those chains will be broken. If they persist in accepting orders the reasonableness of which they are not satisfied with, if they do not tell us that they have done their best to get other orders and that unaided by this House, they have not succeeded it is their own fault. And my advice to them is that, though we differ upon other points, we are in entire agreement with them if they make up their mind to conspire with us and seize every opportunity to remove the shackles which they and we find so tiresome and oppressive. I have no hesitation in saying that in that conspiracy—it will be a very pious conspiracy—they will have every encouragement which it is in the power of this House to give them for when they are free, we shall consider ourselves free. Freedom in this direction must come to us and to them together and if they attach any importance to it, I urge upon them, Sir, to come to this House and join forces with it, to fight and vanquish in the end our common enemy—the Secretary of State for India.

Mr. President : I desire to point out to the House that, while there are still a certain number of amendments on the paper, I cannot call on the Honourable Members in whose names they stand until we have disposed of Mr. Seshagiri Aiyar's amendment. To give them their fair chance I propose to put that amendment now.

The original question was that :

"This Assembly recommends to His Excellency the Governor General in Council to be pleased to get King's Commission for Indians by direct recruitment and by promotion from the rank of Viceroy's Commissioned Officers in such number that all vacancies in the Indian Regiments be in future filled by such Indian Officers only till all Indian Regiments are wholly Indianised."

Since which an amendment has been moved :

"To add to the Resolution the following :

"This Assembly further recommends to the Governor General in Council that he may be pleased to lay on the table of the House the scheme, if any, for the Indianisation of the Indian Army and the correspondence, if any, that has passed between the Government of India and the Secretary of State for India on the subject."

The motion was negatived.

Dr. H. S. Gour : (Nagpur Division : Non-Muhammadan) : Sir, in moving my amendment, I should like to make a few formal changes. The House has no doubt received with feelings of gratitude the announcement made this morning by His Excellency the Commander-in-Chief promising

the immediate Indianisation of 8 units of the Indian Army. That, I submit is a distinct step in advance, and for which this House should tender its gratitude and thanks to His Majesty's Government. I wish therefore Sir, to prelude my amendment with the following words :

"That, while gratefully acknowledging the announcement made for the Indianisation of 8 Indian units, this Assembly recommends to His Excellency the Governor General in Council to be so pleased as to formulate a scheme for the steady increase of Indians in the commissioned ranks of the army with a view to ensure the officering of all Indian regiments by Indian Officers with a minimum of British Officers as may at present be necessary to ensure their efficiency."

Mr. W. M. Hussanally : Sir, I suggest the addition of the words "within a reasonable time".

Dr. H. S. Gour : That is implied. It is more than implied, it is clear. Now, Sir, Honourable Members have referred to the report of the Esher Committee and a subsidiary committee that sat to consider that report. My friend was a member of that committee ; so was I. We formulated a series of Resolutions amongst which there was a very important Resolution, Resolution No. 7, which recommended to His Majesty's Government :

"That the King-Emperor's Indian subjects should be freely admitted to all arms of His Majesty's military, naval and air forces, and in regard to ancillary services of the military forces that every encouragement should be given to Indians, including the educated middle classes, subject to the prescribed standards of fitness, to enter the commissioned ranks of the army, and that in nominating candidates for the entrance examination unofficial Indians should be associated with the nominating authority and that not less than 25 per cent. of the King's Commissions granted every year should be given to His Majesty's Indian subjects to start with."

Two years have since elapsed and we have been pressing upon the Government the desirability of taking a practical step in the direction of Indianizing the military forces of this country. Only the other day when my Honourable friend the Mover of this Resolution spoke on the subject, His Excellency the Commander-in-Chief in his speech did not anticipate the immediate possibility of Indianizing any unit of the Indian Army. His speech was a speech of caution ; his speech was a speech in which I am perfectly certain His Excellency the Commander-in-Chief has infused his confidence in the Indian Army with the necessary caution born of a practised British Commander. This morning the situation has completely changed and I am afraid very few of us have realized the great change which that announcement foreshadows. It is the very suddenness of the announcement that has taken this House by surprise. But at the same time, Sir, if the House realises that 8 units of the Indian Army are to be immediately Indianized and on the result of that experiment further progress would be dependent, I am afraid this House will say that that is a contingency which it cannot accept. And so far as this House is concerned, it should ask the Government to formulate a policy for the steady Indianization of the Indian Army, subject only to one condition, namely, that the minimum of British officers as may at present be necessary be laid down to continue to ensure its efficiency. I submit, Sir, the only difference between my amendment and the announcement made by His Excellency the Commander-in-Chief and the explanation given by the Honourable and gallant Colonel Sir Sydney Crookshank is that, while they are prepared to Indianize 8 units, they are not prepared to formulate a scheme or to promise further Indianization in the steady manner which I suggest. That

are at present concerned here with the initiation of a good principle. That principle has been conceded by His Excellency the Commander-in-Chief, and all that we can do now is to thank His Excellency the Commander-in-Chief for his announcement and ask him to accept my amendment in which I want that a scheme for the steady growth of the Indian element in the Indian Army be formulated. With these words, Sir, I move my amendment.

Mr. President : Amendment moved :

"Substitute the following for the Resolution:

"While gratefully acknowledging the announcement made for the Indianization of the Indian units, this Assembly recommends to the Governor General in Council that he may be pleased to formulate a scheme for the steady increase of Indians in the commissioned ranks of the Army with a view to ensure the officering of all Indian regiments by Indian officers with the minimum of British officers as may at present be necessary to ensure their efficiency."

Mr. E. Burdon (Army Secretary): Sir, the essential purpose of the debate initiated by my friend, Mr. Yamin Khan's Resolution was, if I may be permitted to say so, very well put in the words used by my Honourable friend, Sir Deva Prasad Sarvadhikary. Speaking on the 24th of January in this House he said, "We are anxious to place before the Government and before the public some substantive and substantial form in which we make our demand for Indianization." This is the real and the central object of the discussion while the Resolution itself and the amendments on the paper represent different conceptions of what that substantive and substantial form can be, or it might be said attempts to define the claim which this House should now combine in making. Well, Sir, it must be clear to the House that of these conceptions that which has been framed by my Honourable friend, Dr. Gour, must commend itself most to the Government. It obviously approximates most nearly to the course of action in regard to the Indianization of the Army which the Government, for the reasons which have been stated very fully by His Excellency the Commander-in-Chief, consider to be wise, and consider to be in the best interests of India. It therefore appears, I am afraid a little ungracious if I have to say that Government cannot accept even Dr. Gour's proposal. I think the reason—and it is very largely a formal reason—is one which will appeal to this House. The amendment, apart from the initial words which have been added to-day, was framed in circumstances which, as my Honourable friend has said, have been entirely changed. The situation in which this debate commenced has been altered wholly by the announcement which His Excellency the Commander-in-Chief has made to-day. Indianization of the Indian Army was asked for and Indianisation in some measure has been conceded. Now, in the face of this accomplished fact, it seems to me that the amendment must necessarily fall to the ground. It is, at any rate, impossible for Government to accept the amendment, although what has transpired in the course of the debate shows that the real desire of the House is in harmony more or less with the intentions of Government as now declared. But even so, I feel sure that the House would not expect Government to accept a proposal even of the kind which has been made by my Honourable friend, Dr. Gour, immediately after the Government have announced their decision to adopt a particular programme of Indianisation. To do so would be incongruous and would only render Government liable to misinterpretation. It would be believed that Government

intend to take some further step at once, either in advance of, or varying from, the measure which has been adopted, but which has yet to be put into operation and has yet to prove its success.

There is only one other point—I propose to confine myself strictly to the amendment—to which I should like to draw attention; it is another point in which the intentions of Government square very largely with the desire which is inherent in my Honourable friend's proposal. His Excellency the Commander-in-Chief, speaking this morning, said :

“ There is one other point which it is necessary for me to explain. It is that simultaneously with the Indianisation of these selected eight units, Indians who qualify for the King's Commission will continue, as at present, to be posted to other units of the Indian Army,”

where, of course, they will, for the time being, serve side by side with the British officers who remain. The point of this fact, to which His Excellency the Commander-in-Chief drew special attention, is that the scheme of Indianisation which has been announced to-day contains in itself the germ of growth, that is to say, there is inherent in it the possibility of increase, because the Indian officers with the King's Commission who join other units of the Indian Army, apart from those which are being specifically Indianised, will be available if and when a further stage is decided upon as a result of success having been achieved in the first stage.

Sir, I hope that my Honourable friend, Dr. Gour, and the rest of the House will appreciate the position of Government in this matter. It is, as I say, largely based on the formal reason that, having announced one scheme, they cannot ten minutes later appear to commit themselves to something else.

Mr. President : The original Resolution was :

“ This Assembly recommends to His Excellency the Governor General in Council to be pleased to get King's Commission for Indians by direct recruitment and by promotion from the rank of Viceroy's Commissioned Officers in such number that all vacancies in the Indian Regiments be in future filled by such Indian Officers only till all Indian Regiments are wholly Indianised.”

Since which an amendment has been moved to substitute the following for the Resolution moved :

“ That while gratefully acknowledging the announcement made for the Indianisation of 8 Indian units, this Assembly recommends to His Excellency the Governor General in Council to be so pleased as to formulate a scheme for the steady increase of Indians in the commissioned ranks of the Army with a view to ensure the officering of all Indian regiments by Indian officers with the minimum of British officers as may at present be necessary to ensure their efficiency.

The question is that that amendment be made.

The motion was negatived.

Mr. President : The question is that the following Resolution be adopted :

“ This Assembly recommends to His Excellency the Governor General in Council to be pleased to get King's Commissions for Indians by direct recruitment and by promotion from the rank of Viceroy's Commissioned Officers in such number that all vacancies in the Indian Regiments be in future filled by such Indian Officers only till all Indian Regiments are wholly Indianised.”

The motion was negatived.

1st February 1923.

RESOLUTION *re* EMIGRATION OF UNSKILLED LABOURERS
• TO CEYLON.

Mr. J. Hullah (Revenue and Agriculture Secretary): I move, Sir:

"That this Assembly approves the draft notification which has been laid in draft before the Chamber specifying the terms and conditions on which emigration for the purpose of unskilled work shall be lawful to Ceylon, and recommends to the Governor General in Council that the notification be published in the Gazette of India."

This Resolution, Sir, is of a kind altogether unfamiliar in the history of the Indian Legislature. It is a direct outcome of section 10 of the Emigration Act which we passed about a year ago, and which lays down that emigration for the purpose of unskilled work shall not be lawful except to such countries and on such terms and conditions as the Governor General in Council by notification in the Gazette of India may specify in this behalf. The Act goes on to say that no notification shall be made under this section unless it has been laid in draft before both Chambers of the Legislature and has been approved by Resolution in each Chamber, either as it stands or with modifications. It will thus be seen that the Assembly has been given practically full power over the emigration of unskilled labour. It can not only regulate it, but it can control it, it can stop it, and let it begin, and so forth. That is a very big power and one which should obviously be exercised with the greatest care. It not only concerns the interests of the labouring population in India and the extent to which they should be able to avail themselves of outlets abroad, of work under conditions which are often far superior to those which they know at home, but it also involves the interests of those labourers when they reach the countries to which they emigrate and the interests of those who are already there; and lastly, it may involve, and I think it must involve, a very considerable degree of interference with the domestic arrangements of other countries and other Governments.

I hope that Honourable Members will bear with me for a while if I set forth certain facts many of which will be known to them; my reason for doing so is that although they are known to Members, it is possible that the important bearing which they have on the question before us may not be fully appreciated by those who have neither the time, nor the inclination perhaps, nor the opportunity to study the subject.

Ceylon, as we all know, is very close to India, being separated from India by the narrowest of narrow seas. The journey from India to Ceylon is as easy as that, say, from Delhi to Agra,—easier, certainly less formidable than the journey from London to Paris. Consequently, there is always a very great stream of traffic in both directions. Conditions in Ceylon are well known in southern India; conditions in southern India are well known in Ceylon. Many labourers have part of their families in one country and part in another; still more have their relations in Ceylon, though their own residence may be in India. The Indian population of Ceylon is very great. About a third of the Ceylon population consists of Indians and about a quarter

of it consists of Tamils. In all there are more than 1,100,000 Tamils in Ceylon. A great deal of the movement between Ceylon and India consists of labourers going to Ceylon or returning from that country. In the last five years the average annual number of labourers going to the Ceylon estates has been no less than 49,000 and of those returning no less than 29,000. It is clear then that we have not here a new slate to write upon. It is not as though we were deciding whether to allow emigration to a country to which it is not allowed at present, such as Fiji, British Guiana, Mauritius or any other country which may desire Indian labour. We have to consider the conditions applicable to a movement which is already in force on a very wide scale and I think that our conditions should be such as to dislocate as little as possible a movement which has in the past been free and for the most part healthy. It was because we appreciated the difficulties of regulating this movement that we exempted, when we passed the Act last year, Ceylon and the Straits from the operation of the Act for a period of one year. But the Act will come into force in respect of these countries on the 5th of next month and we have therefore to make up our minds as to the conditions on which we shall allow emigration to proceed.

The coolie in Ceylon is on the whole well looked after. He lives in lines which are constantly inspected by the Government sanitary officers and the pattern of these lines was very favourably reported on by Mr. Marjoribanks and Sir Ahmed Thambi Maricair who were deputed by the Government of India to make an inquiry some years ago into the conditions of labour in Ceylon. There is plenty of provision for medical relief. There are 54 Government hospitals, 81 Government dispensaries, 63 private hospitals and 471 private dispensaries. There are numerous schools for the children of labourers and an Ordinance lays down that the Government Educational Officer can require any estate owner to establish a school on his estate. In practice that power has never been exercised because it is found that the estate owners are willing to establish schools and have done so on a very considerable scale. Recruitment for Ceylon at present is done by a body known as the Ceylon Labour Commission, which is financed by contribution from the estates. The Commission has a Commissioner in India with headquarters at Trichinopoly, who supervises all the arrangements and working of recruitment. Recruits are obtained by persons known as Kanganis, who are labourers themselves on the estates in Ceylon and are sent over by the estates to obtain labourers. When a Kanganis comes to India he brings with him from the estate an authority to the Labour Commissioner in India to obtain an advance for his expenses. He is then given a certificate by the Labour Commissioner and he sets forth to recruit labourers, almost invariably in his own village or its neighbourhood; and the labourers which he recruits are usually his own relations or his own friends. In practice he recruits only about four labourers. He is not a professional recruiter; it has been the aim and object of the Ceylon Labour Commission throughout to discountenance absolutely the professional recruiter. Recruitment is simply done by one labourer coming over to India and inducing his friends to accompany him back.

Before we passed the Emigration Act and before we entered into negotiations with the Ceylon Government, that Government had already taken

steps for the improvement of the conditions of labour in Ceylon. They repealed all the penal provisions of their labour law and they also tackled the very grave question of indebtedness among the labourers. They abolished a curious institution known as the Tundu. It would take me some time to explain exactly what that institution is, but briefly it is a contract to pay off labourers if the labourers pay off the debts due to the estate. Ordinarily the Kanganis were in debt to the estate and the labourers in their turn were in debt to the estate through the Kangani in respect of advances which had been made to cover the expenses of their transport. In time abuses grew up. All kinds of advances were made by the Kanganis to the labourers and to a certain extent by the estates to the Kanganis; with the result that each Kangani with his band of labourers was often saddled with a very heavy burden of debt. Now, when the Kangani wanted more advances he went to the Superintendent of the estate and demanded them, and if they were refused he demanded a Tundu, the written contract that he could move off with his labourers if he paid up his debts. The Superintendent of the estate either had to give more advances or he had to stand the risk of the coolies leaving him by simply giving a month's notice, or he had to give the Tundu. The Kangani then hawked the Tundu around the other estates and sold it, practically offering himself and his labourers as the price of the debt which he owed to his existing estate; he also demanded an extra advance for himself which he put into his own pocket and did not hand over to his labourers. The Ceylon Government has now abolished the Tundu altogether and has made its issue absolutely illegal. The penalty laid down in the law is a fine of Rs. 20,000 or two years' imprisonment.

So much for what the Ceylon Government had done. Before we entered into negotiations with them we held a meeting of our Standing Emigration Committee about June last, and settled the conditions that we should put forward to the Government of Ceylon. Those conditions were practically the same as we have now put before the House. I will briefly refer to them. The first refers to licensing. The fourth requires that the cost of recruitment shall be borne by a common fund to be raised in such manner and managed by such agency as may appear suitable to the Colonial Government. These were the only conditions to which the Government of Ceylon demurred. They said that they did not wish to be directly concerned with recruitment in any form. They said that the attitude which they desired to take up was one between the employer and the labourer and they pointed out that there were very serious disadvantages if the work of recruitment were practically thrown on them since it would then be necessary for them to appear, at any rate, to be identified with the interests of the planters. On the other hand, the Government of India took the view that the Colonial Governments who desire Indian labourers should be responsible for clean recruitment. The Standing Emigration Committee advised the Government of India to adhere to this attitude. We did so and the Ceylon Government has now accepted these conditions. The condition regarding contracts of service not exceeding one month was accepted without any difficulty at all; and it will be seen from condition (3) that the Ceylon Government will introduce legislation limiting contracts to one month. Condition No. (5) asks for the appointment of an agent; that was accepted without any hesitation by the Ceylon Government.

Condition No. (6) refers to repatriation ; that also has been accepted. Similarly the other conditions, which I need not detail, as they would only take up time, have been accepted. We also made certain inquiries and certain suggestions. The estates provide rice to their labourers, in many cases at below cost price. We asked the Ceylon Government to satisfy themselves that no profit was made on this supply of rice. A deputation that came over from Ceylon regarded that request with some surprise, and even with some amusement, pointing out that so far from any profit being made from these supplies of rice very heavy losses indeed had been incurred, especially at the time when the Government of India themselves imposed control of rice with the result that the price of rice abroad was extremely high and the Ceylon planters had to stand the loss. However, we have been assured that the estates make no profit on the supply of rice. We also asked for the prohibition of the employment of children below the age of 10 years ; that has been accepted. We also threw out a suggestion for the introduction of compulsory education in Ceylon. We did not add that we had no compulsory education at the time in India. The Ceylon Government gave us a sympathetic reply, but they pointed out that power is already given by the Ordinance to provide schools at the expense of the estates, but it has never been found necessary to impose this by compulsion, and we have not pressed the point any further. We also asked for information regarding the cost of living and wages, and we threw out a tentative suggestion about the minimum wage. I will come to that later. We had the advantage of hearing a deputation from Ceylon and our enquiries, the enquiries which the Standing Emigration Committee made of that deputation, were exhaustive and lasted for several days. At those meetings a great deal of attention was concentrated on the subject of the minimum wage, but as one result of them we asked the Ceylon Government to make a further concession and undertake to repatriate not only those people who, as the condition lays down must be repatriated on the ground of their state of health, on the ground that the work which they are required to do is unsuitable or on the ground of unjust treatment, but also all persons who are thrown out of employment by a slump in the tea or rubber industries. That was a considerable concession to ask, but it has been granted.

The minimum wage, as I have said, was the subject of very prolonged discussion. The deputation that came over pointed out the difficulty of introducing a minimum wage and we fully appreciated those difficulties. But still we thought the matter was one of great importance and should be pursued. Finally the recommendation of the Standing Committee was " that the Ceylon Government should be asked to make an inquiry into the question of fixing a basic wage subject to a minimum and of the cost of living in relation to the wages now paid. In the meantime the Government of India should do its best to secure an improvement in wages. On receipt of the report of the inquiry suggested above the Emigration Committee will have to consider the findings and decide whether to ask for a Joint Committee to settle what should be the rate of wages and other details." That is how the matter was left. We asked for an inquiry into the possibility of fixing a minimum wage. They replied at once that they agreed to institute an inquiry as we desired ; at the same time they pointed out the very considerable difficulties involved.

It may interest the Assembly if I read out those parts of their reply which deal with this subject. They say :

"They will at once institute the inquiry. It must be noted, however, that the question is complex and that no satisfactory solution can be ascertained without very careful inquiry and consideration. There are several important factors tending to raise the rate of wages in general which are now in course of operation, the chief of them being the abolition of the *tundu* and of the penal clauses in the labour ordinance. The full effects of these factors have not yet had time to develop and cannot be ascertained without careful analysis. Conditions in Ceylon vary greatly in the different districts. Such operations as plucking tea and tapping rubber are generally performed as piece-work and the unit rates of payment vary according to conditions. Again, it will also be necessary to investigate the cost of living in Southern India on a standard basis of comfort in order to compute the allowance for provision for old age which is asked for."

We asked incidentally that the minimum wage should include provision for old age.

"It will, therefore, be no simple task to analyse,"

they say,

"the statistics collected and ascertained whether they can be reduced with any degree of accuracy to a uniform datum for the whole Island. Unless this can be done, the probable margin of error in calculating any basic wage might well be such that the establishment of such a uniform wage might operate to the disadvantage and not to the advantage of a large proportion of the labour on estates."

In this way they have pointed out the difficulties and have asked for time, which we have practically offered them, for we told them, in communicating our views about the minimum wage, that the Government of India would not insert in the draft Notification placed before the Assembly any stipulation on the subject. The reason why the Emigration Committee were anxious to have introduced if possible a minimum wage was that, they considered the rate of wages in Ceylon were too low.

Rao Bahadur T. Rangachariar (Madras City : Non-Muhammadan Urban) : Who did not consider that ?

Mr. J. Hullah : The Standing Committee considered that the wages in Ceylon were too low, though they are above the rates of wages in Southern India.

Rao Bahadur T. Rangachariar : That is not correct.

Mr. J. Hullah : If they are not above the wages in Southern India, why do the labourers go in such large numbers to Ceylon ?

Rao Bahadur T. Rangachariar : The Army of Kanganis.

Mr. J. Hullah : A possible suggestion, but one that I should not like to make, is that they are not so favourably treated by the landholders in Madras as they are in Ceylon .

Rao Bahadur T. Rangachariar : That is true also.

Sir Deva Prasad Sarvadihkary : (Calcutta : Non-Muhammadan Urban) : Mr. Joshi would not let them go if he could help it.

Mr. J. Hullah : The actual rates in Ceylon are unknown to us ; they vary so much from estate to estate. We have had much difficulty in ascertaining them ; so has the Ceylon Government in ascertaining them and giving them to us. The Labour Commissioner stated that the rates of wages for men

are 6 annas 11 pies per day on rubber estates and 6 annas 9 pies per day on tea estates; for women 5 annas one pie and 5 annas respectively, and for children 3 annas 6 pies and 3 annas 8 pies but in addition the labourer is offered piece-work, and he can also, if he likes, work overtime. The rates with piece-work and overtime are for a man 8 annas 10 pies per day on a rubber estate, 8 annas 6 pies per day on a tea estate; for women 6 annas 10 pies and 7 annas 1 pie; for a child 4 annas in both cases. The information given to us by the Ceylon Government is in rupees per month. They tell us that the average rates with piece-work and overtime are, for a man 16 to 20 rupees a month on rubber estates, 12 to 16 rupees a month on tea estates; for a woman 10 to 12 rupees for rubber and the same for tea; for a child Rs. 6-8 per month for rubber and the same for tea. The cost of living for a man, his wife and two children is approximately Rs. 17 a month for bazaar supplies and rice, but does not include the cost of clothes, festivals and so forth. On this information as I have said, the Standing Emigration Committee were not satisfied that wages were sufficiently high, and they therefore proposed the institution of a minimum wage. We have asked that an inquiry should be made into the question of establishing such a wage and that the results of the inquiry may be submitted to our Emigration Committee, and possibly we may have to ask for a Joint Committee of India and Ceylon to investigate conditions before the minimum wage can be settled and imposed. It will thus be seen that a considerable time must elapse. The subject is an extremely difficult one. Conditions vary in different parts of the island; they vary between tea and rubber estates. There is always the possibility, almost the certainty, of considerable fluctuations in the products, rubber and tea; there is also the possibility that a minimum wage may not operate to the advantage of the labourer. For that reason we have not placed in our stipulations anything about a minimum wage, and we told the Ceylon Government that we should not insert anything of the kind in the notification that we should place before the Assembly.

I have now shown, I hope, Sir, that conditions in Ceylon are on the whole favourable, that it may be necessary to have wages raised, and that it may be necessary to have them fixed by Statute in the forms of a minimum wage. I have also shown that there is a very large movement of labourers in both directions, and that it would not be to the advantage of ourselves or of the labourers or of the Government of Ceylon that there should be any drastic interference with present conditions. I have shown that the Ceylon Government have met us as far as they can at present and that they have agreed to all that we have placed before them as the absolute conditions that we require. I now commend the Resolution to the House.

The Honourable Mr. B. N. Sarma (Revenue and Agriculture Member): Sir, the question before the House is as to whether postponement should be granted, in order to enable Members to study fully the subject before they come to any definite decision. I may state at once that the Government do not intend to oppose the motion: we are entirely in the hands of the House. Government welcome the desire on the part of Members to obtain all the information available to the Government in order that they may adequately judge the material issues before them and then come to correct conclusions.

They have no desire whatsoever to withhold from any Member of the Assembly any information which the Colonial Governments may not have marked as confidential which would help them in arriving at correct conclusions. I may state that that proviso that I have mentioned does not preclude us at all, as a matter of fact, from giving information, substantial information on all the questions that have been referred to by Mr. Seshagiri Aiyar. There seems to be some slight misapprehension as to the position which the Government and the Emigration Committee have been taking in this regard with reference to some of the matters which came up for discussion before them being kept confidential. Honourable Members will realise that we were not dealing entirely with domestic concerns, but were entering into negotiations with Colonial Governments, and they will appreciate readily the desire of the Colonial Governments to keep certain matters confidential. It was with that object that some of the papers were marked confidential, when they were circulated among the Committee members. But on an analysis the Government have found that all the information that is necessary and that Honourable Members of this House would desire can be supplied to them. There is nothing secret about the facts at all. The conclusions to which the Emigration Committee have come on the several subjects which came up for discussion before them will also be open to every Member of the House. It may not be possible for us, inasmuch as we have not enough copies of all these papers, to supply each Member with a separate copy. But the information will always be available at the office and we shall try also to place all the material papers in the Committee Room, and if possible circulate them to the Eastern Hostel and any other place where the Members live together. I hope that arrangements will be made for circulation of the papers to all those who are interested in the matter. I appreciate the desire on the part of Honourable Members to assist us in arriving at conclusions at an early date. As Honourable Members have seen, we must come to our conclusions here soon and then proceed with the Resolution in the Council of State, then define the rules; and all this has to be done before the 5th of March.

Mr. N. M. Samarth (Bombay : Nominated Non-Official) : May I suggest that a copy be placed in the library.

Mr. President : The question is that further consideration of the Resolution be postponed.

The motion was adopted.

10th February 1923.

RESOLUTION *re* EMIGRATION OF UNSKILLED LABOURERS TO CEYLON.

Mr. President : The House will now resume consideration of the Resolution moved by Mr. Hullah on the 1st February this Session in the following terms :

"This Assembly approves the draft notification which has been laid in draft before the Chamber specifying the terms and conditions on which emigration for the purpose of unskilled work shall be lawful to Ceylon, and recommends to the Governor General in Council that the notification be published in the Gazette of India."

Mr. J. Hullah (Revenue and Agriculture Secretary): I only wish, Sir, with your permission, to make a very brief statement regarding the papers that we have placed in the hands of Honourable Members. The arrangement of these papers, the bringing up to date of certain notes which were placed before the Standing Emigration Committee, and which we have now placed before the House, and the printing of these papers involved heavy and very rapid work. The Honourable Mr. Sarma promised to supply to Members all papers of a non-confidential character. We have gone much further, and have placed in Members' hands papers which have hitherto been regarded as confidential. It will be seen that among them are the full proceedings of the Standing Emigration Committee. These have hitherto been regarded as confidential; and since we informed the Deputations that came from Ceylon and Malay that these proceedings were confidential, it was necessary for us, after the last debate, to telegraph to the Colonial Governments and ask whether they had any objection to our laying them before the House. We also asked them whether we might lay before the House the correspondence with them. They replied at once that they had no objection. I hope, then, that the House will feel satisfied that this is a set of papers sufficiently full to enable it to take cognizance of all the considerations that are relevant to the subject.

The Honourable Mr. B. N. Sarma (Revenue and Agriculture Member): Sir, Mr. Hullah in a very full, lucid and eloquent speech has clearly explained to the House the relations which have existed hitherto between Ceylon and India with regard to emigration and the history of the proposals which have led to the Notification being laid on the table of this House. If I rise to intervene in the debate at the present stage, it is because I have felt that, having regard to some of the observations made by Honourable Members when they asked for time to consider the question more fully, a further exposition of the policy of the Government, its position and attitude towards this question might help in a speedy termination of the Resolution before the House. The House may rest assured that it is not the desire of the Government to encourage, or encourage unduly, emigration from India either to British possessions or to other countries. The Government know and realize that it is their duty to make the conditions of life in India as easy and comfortable as possible. They realize that, in the interests of agricultural prosperity as well as economic and industrial development, it would be a short-sighted policy to denude the country of labour, and they have been taking and propose to take all steps that may be necessary to improve the conditions of labour prevailing in the various parts of India. But there is no use disguising from ourselves the fact that in certain parts there is an undue congestion, that labour conditions are unsatisfactory, and we have also to recognize the fact that it is the freedom of the individual that we have to respect, that a man should be able to go where he pleases to make the best of the conditions and opportunities which are possible to him. So subject to reasonable exceptions, the freedom of the individual has to be promoted and safeguarded. But the Government have recognized and do recognize that there are essential safeguards to be taken when they are dealing with an ignorant population who are unable to protect their own interests and may be seduced or rather may be induced to go abroad in search of a comfortable living without a

full appreciation of the conditions. It is under those circumstances that the Government have passed the emigration law which has been placed on the Statute Book last year and propose to provide suitable safeguards to protect assisted emigrants to foreign countries. But in making rules and in imposing conditions, the House will remember that the relations between India and Ceylon are peculiar. Mr. Hullah has laid stress upon this aspect of the question, and I propose to add only a very few brief remarks. We may treat Ceylon as practically an annexure to or a district of India from the standpoint of proximity and facility of communication and, viewed geographically or ethnologically, we may say that the conditions are so similar that distinctions, such as can be drawn between the overseas possessions of His Majesty, the distant overseas possessions and India, cannot be drawn in the case of Ceylon and India. There is only a very narrow stretch of sea, 22 miles long, which separates the two. There is a large inflow, interchange, of labour between Ceylon—200 or 300 passing from Ceylon.

Rao Bahadur T. Rangachariar (Madras City : Non-Muhammadan Urban) : There is no interchange of labour.

The Honourable Mr. B. N. Sarma : There is no interchange of labour proper but interchange of population though on a small scale. The Government as far back as 1847 recognized that it was essential—and I lay particular stress upon it—that it was essential to secure the good will of Ceylon to render their emigration policy effective. They have also recognized that the apprehensions which may exist in the case of other Colonies need not be entertained in the case of Ceylon. Honourable Members will recognize also that 25 per cent. of the population, including the emigrant population, are closely allied by affinity to the South Indian Tamilian population, are Tamilians, and even with regard to the vast majority of the Singhalese, if tradition is to be relied on, they come from an Upper India stock which is said to have emigrated more than 2,000 years ago ; so that, in substance, you can look upon Ceylon as practically a country peopled with Indian races. We shall also have to recognize that with the prosperity of Ceylon is intimately connected the prosperity of South India. The trade relations are very extensive and I would therefore ask the House to remember these peculiar conditions which subsist between Ceylon and Southern India. I am not going to minimise in the slightest degree the fact that there has been anxiety or that there is room for anxiety that ignorant villagers in Southern India may go to Ceylon to better their conditions under various inducements only to find that the conditions are no better there than those prevailing in Southern India. The Government propose in this connection to take effectual safeguards and the Committee has been of very great assistance in formulating proposals as to what may be necessary in this behalf. Now, Sir, if we treat Southern India and Ceylon as practically one country for general trade and labour purposes, if we remember that in the past Ceylon was governed from Madras and was part of Southern India—the Chola Kings ruled that tract for a long time—if you remember all these facts, I suggest that you should treat emigration to Ceylon on a somewhat different footing from emigration to other distant countries. The Government of Ceylon have pressed very seriously and very strongly upon the Emigration Committee their view that there should not be any obstacle

whatsoever in the way of a free interchange of populations between Southern India and Ceylon. They have pointed out that no great evils had entered into the body politic of either country by reason of such free interchange in the past and that it would be hard to enforce any restrictions upon such emigration without seriously handicapping the skilled or free unskilled emigrant. Their views are supported by a certain section both in Southern India and in Ceylon, but the Government as well as the Emigration Committee have felt, and I think rightly, that it would be impossible, having regard to public feeling on the subject and the necessity for safeguarding the interests of the labour population emigrating to Ceylon, to accede to these demands, and we therefore propose not to except unskilled labour emigration from the purview of the Act. We have proceeded further and wish to ensure that whenever a labourer goes across this 22 mile stretch of sea to Ceylon and finds himself in uncongenial surroundings or finds that he has been induced to go there under unfulfilled promises or the conditions do not suit him, either by reason of the work he has to do being unsuitable or the wages he is paid being inadequate or for any other satisfactory reason is able to convince the Emigration Agent that it is fair he should be helped, he should be sent back to his home at the expense of the Colony; and the Government of Ceylon have agreed to it. The Government and the Committee have felt it incumbent upon them further to press upon the Ceylon Government to remove all penal restrictions, and whether willingly or unwillingly—let us be charitable and say willingly—the Ceylon Government have removed all such restrictions. But the Emigration Committee were not satisfied—and I do not blame them for it—with regard to the wages that are being paid in Ceylon. I am not going to trespass upon the ground to be covered by the amendments, but that was the one point upon which the Emigration Committee had grave doubts. It was not originally intended to press upon the Ceylon Government the fixing of a basic wage subject to a minimum. I shall have to briefly explain to the House the various stages through which this aspect of the problem presented itself to the Emigration Committee and the Government. In the beginning the idea was faintly hinted at but was set aside on the advice of Mr. Marjoribanks who was deputed by the Madras Government to assist us and who was one of those who went to study the conditions in Ceylon and the Straits Settlements. They were induced to drop this question on the ground that the labourer was a free labourer and entitled to repatriation when he found that the conditions were unsuitable, and the Tundu having been abolished the conditions of the labour market would adjust themselves and that it was not desirable to fix a minimum which might easily become a maximum. Rightly or wrongly, they at first hesitated to ask that any minimum wage should be fixed. We pressed certain other conditions upon the Ceylon Government which were partially accepted. Then a deputation waited upon us and the question was again raised in the Committee because the Committee has always felt unhappy about this wage question. It was then suggested to the deputation that this problem should be solved at an early date in order to ensure harmonious relations between the two countries. The deputation very strongly pressed upon Government and the Committee the practical difficulties in the way of concluding any investigation in a short space of time, and undertook

to inquire into the subject to find a solution so that the position may be made easy for all parties concerned. Then the Committee sat specially to consider this point on the 21st September and resolved to ask the Government of India to negotiate with the Ceylon Government for the purpose of making this inquiry as speedily as possible and for improving meanwhile the conditions of labour; but they did not make it a condition precedent because they recognized that some time must elapse before the inquiry was concluded and its results made known. They further stipulated that any results which might be tentatively arrived at should be placed before them, so that with their suggestions before them the Government may be able to negotiate further before final conclusions are come to and the matter is placed before the Ceylon Legislative Council. Therefore in our last letter to the Ceylon Government we expressed the hope that they would at once take steps to see that the conditions of labour were improved. (*A Voice*: "When was that?") In October, I believe. The last meeting was on the 21st September and in October we wrote to Ceylon asking them to undertake an inquiry, and they wrote back at once saying that they would undertake an inquiry and pointing out the various stages through which that inquiry had to pass, and, having regard to the fact that there were 1,230 estates with varying wage conditions prevailing in different places, they said that some time was required but that they would conclude the matter as early as was practicable. That is where that question stands, and I hope that it will be settled speedily to the satisfaction of this House and to the satisfaction of the whole country. But I ask you, Sir, if we had waited from 1847 up to date without, I will not say any hardship, but if we had waited patiently for the amelioration of the position so long, would it be too much to ask the House to wait a little longer and allow the Government to negotiate with Ceylon wage? The Government has the interests of the labourer at heart. The Government recognises the difficulties in the way of the Ceylon Government. They recognise that the conditions in Southern India are not altogether dissimilar to those obtaining in Ceylon. The conditions of labour in Southern India have to be ascertained to a certain extent, because we have asked the Ceylon Government to fix the wage in such a way as to enable the labourer when he comes back to Southern India to live happily on his savings, which might serve as a pension for him; and, therefore, having regard to these limitations which we have imposed, I would ask the House to recognise that the Government and the Committee have placed as many reasonable conditions as conditions precedent to emigration being allowed as are practicable. I lay once more stress upon the fact that confidence begets confidence, and that if we allow this matter to lie at this stage for a little while longer, the Ceylon Government recognising that we have placed implicit trust in their good faith, in their desire to improve the conditions of labour settled there, would co-operate with our Emigration Agent, if we are so fortunate as to find funds to appoint one there; with his co-operation and the co-operation of the Government of India, I hope that the Ceylon Government would be in a position to place this vexed question on such a satisfactory basis that they and we may be able to co-operate fully for the betterment of the conditions of Southern India as well as Ceylon. And, mark you, Sir, let us not

expose ourselves to the charge that by enforcing unduly hard conditions in the desire, in the natural desire, in the just desire, to improve the conditions of our countrymen who may be going abroad, that we shall be unduly depressing the labour market in Southern India ; because that outflow, be it on a small scale or on a large scale, is helpful, is good, in the interests of the labourers of Southern India, inasmuch as it naturally raises the position of the labourer and his value in the market. I, therefore, hope that the House would take a very generous view of the difficulties of the Ceylon Government—I am not trying to overdraw the picture, I am not trying in the slightest degree to minimise the difficulties to which labour is subject or the public opinion which faces us and I do not say that public opinion has been unduly exercised having regard to the stories which have been rightly or wrongly propagated with regard to the condition of labour in Ceylon—well, Sir, having regard to the peculiar relations subsisting between us and Ceylon, the fact that their prosperity and our prosperity are bound up together and that we cannot afford to see the planting industries in Ceylon unduly affected, let us trust them a little more ; and we have got the power, we have got the will, to enforce and we shall be firm in enforcing a policy which would secure justice for the labourer who may be going to Ceylon from here. Section 13 of the Emigration Act fully empowers the Governor General in Council to stop emigration at any time he considers proper laying reasons therefor and the Resolution he has come to on the table of this House. If this House is dissatisfied with the conditions it is always open to them to recommend to the Government to take such steps, if the Government does not of its own accord take such steps, in that direction as may be necessary. We have got ample power in the Statute Book to enforce our will and we shall do so. Let us show that we trust the Ceylon Government, the Ceylon planters, and if they betray that trust, if they are not fully alive to their responsibilities, then it will be time for this House to ask the Government to lay down rigid conditions so that they may not make a mistake once again. So far Ceylon has fully complied with the conditions which we have asked them to comply with and we have no reason except in this one instance for any grounds for dissatisfaction, and I therefore ask the House to accept the Resolution as it stands.

Rao Bahadur T. Rangachariar : As one of those who has sat on the Emigration Committee I wish to give my views on the outstanding questions which remain with the Ceylon Government so that we may know how the further discussion on the amendments should proceed and also those who move these amendments may consider what amendment should be pressed to a division.

There are still only three outstanding questions which remain to be settled with the Ceylon Government so far as I am able to gather the difficulties of the situation. As Honourable Members are no doubt aware, the old tundu system arising on account of this indebtedness of the labourer to the kangany and the kangany to the estate has been abolished but the debts have not been abolished. The moral force of those debts and the slavish sentiment which hitherto had prevailed in the minds of these people still remain and that is a matter which will take some time for the Ceylon Government to adjust because it is a matter of lakhs and lakhs of rupees which have to be written off by the estates as against the kanganies, but as between the kanganies and the labour-

ers there should be no difficulty and the Emigration Committee have pressed it home both on the Deputation and on the Ceylon Government that this indebtedness of the labourer to the kangany should disappear, for the kangany uses it as a moral force to retain the labourer on the estate to which the kangany is attached. The kangany profits by retaining the labour on the particular estate to which he is attached, for he gets

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so much per head of cooly which he retains on the estate from the planter and he uses this debt as a force, not as a legal force but as a moral force and these poor ignorant men, although the law gives them freedom of movement from estate to estate, are not able to get out of the clutches of these kanganies. So this debt will have to be abolished but however as I said already it is a matter in which the Committee felt considerable difficulty whether it should be made a condition in the Notification because the Ceylon Government themselves proposed such an Ordinance, only in the year 1921, after considerable agitation there. They themselves proposed some steps should be taken with reference to the abolition of this debt system and it is hoped that they will take those steps very soon and we were assured that such steps would be taken and that only it is a matter of time. The second outstanding question and the most important of all is this question of the wages. I want Honourable Members to understand the real situation as regards the wages. The figures supplied to Honourable Members both by Mr. Hullah in his opening remarks and in the papers circulated are somewhat likely to be misleading. We have to be guided by the wages which each man earns, not by the averages. We should be guided by the lowest figure which each man, woman or child earns. If you go by averages it is no good at all. If you make an average of the income of all the Members of this Assembly, we are not going to distribute it to all the Members. It depends on the lowest income and we have to find out whether it is a living wage. There is no use therefore taking the *kanakupillai* on the estate, the *maistry* on the estate and the kanganies who are also labourers and get their wages in addition to what they get so much per head of cooly who works under him. So you lump these things and strike an average. That is no good at all. And with reference to this matter I wish Honourable Members to realise what are the actual wages which are earned by these labourers when they go there. I mean the minimum, the lowest which they get. If Honourable Member will turn to page 7 of the Appendix, in the first place there is a misprint there, which I am surprised to see repeated from the final reprint of the Deputation print. We corrected it with the Deputation in the case of tea estates. As regards the daily minimum wage, Honourable Members will see 51 cents marked there. It is a misprint for 41 cents. It is not 51 cents at all. 41 cents is the average for tea estates and 47 cents is the average for men so far as the rubber estates are concerned. Now, Sir, the wages range from 36 to 50 cents in the case of tea estates. That is the lowest wage paid is 36 cents and the highest wage paid is 50 cents. The highest wage is paid in the case of the factory labourer, in the case of *kanakupillais* or these *sillarai* kanganies who actually labour. You may take it that 36 cents means 5 annas 9 pies per day. 5 annas 9 pies per day,—that is the wage which these people earn; and as regards the women, it ranges between 26 and 33 cents; that is, it is merely 4 annas 1 pie, and in the case of a child, he gets

2 annas 11 pies. Now it must be admitted at once that his wage is hardly a living wage. On their own admission, Honourable Members will see taking their own figures, the cost of living is given at page 3—for a man, woman and child, that is, a non-working child the cost of living would work to, including clothing Rs. 20 and annas 4. That does not provide for expenses, for festivals, such as Diwali or Pongal or such other festivals, or even for religious worship, or for offering worship, the usual worship : so that the actual, bare cost of living without providing for these things would come to Rs. 20 and annas 4. We have another estimate of that by a man who is well acquainted with the conditions of labour, one Mr. Natesa Aiyar who gave evidence before the Committee. He calculates the cost of living at Rs. 23 annas 8 for a family. We will take the lower figure of the Deputation, namely, Rs. 20 annas 4, and if we allow a few extras for these festivals, festive occasions, it cannot be less than Rs. 21 or Rs. 22 per mensem. What does this man earn ? Even on the most favourable calculation you will find, taking 40 cents as the average, or 41 cents as they put it, on an average, or if you take any of these things, it comes to this, unless the woman also works, the family cannot live ; even with the woman working, it is less than the actual cost of living. The Committee were greatly impressed with the fact that the prevailing wages were inadequate even with a man and woman working together, that they were not able to earn the actual cost of living, the estimated cost of living. The Committee were impressed with that fact and they pressed upon the Government of India that they should immediately press upon the Government of Ceylon—as Honourable Members will see from the proceedings—for an immediate rise in the wages, in the existing wages. That was considered most essential. It is quite true the Honourable Mr. Sarma told us that before we had full information the Committee were doubtful about fixing a minimum wage. But after the next meeting in fact when Major Nicholson gave us interesting figures which Honourable Members will find at page 29, we realized the necessity. He is the gentleman who is in charge of the recruitment of this labour. Honourable Members will find the figures given by Major Nicholson as regards wages, which these people get when they go there, are,—a man, 6 annas 1 pie for rubber, and for tea, 5 annas 9 pies ; a woman, 4 annas 2 pies, and for tea, 4 annas ; children, 3 annas and 2 annas 11 pies. When we got those figures—in fact we got them by telegram during the sittings of the Committee—when we got those figures we thought that the matter required further examination, and therefore, we insisted upon it. The Ceylon Government gave us figures which afterwards turned out to be exaggerated. The Ceylon Government gave us figures which Honourable Members will find in their letter of July—Honourable Members will find them printed also here—in these papers they exaggerated the income of these labourers—in their July letter, that is printed at page 18—they wanted to make out that a man gets Rs. 16 to Rs. 20 in rubber and Rs. 12 to Rs. 16 in tea. It is hardly correct ; for women, Rs. 10 to Rs. 12 ; for working children, Rs. 6 to Rs. 8. It is not borne out by the figures actually given to us by the Deputation themselves.

The Honourable Mr. B. N. Sarma : That is, before they become efficient ; there is a qualifying phrase there—on first joining before they become efficient.

Rao Bahadur T. Rangachariar : Yes, that is so ; they do not become efficient till one year. We are not concerned about their efficiency. When they go out of the country what is it they get ? That is the point we have to consider. We are now asked to encourage emigration to Ceylon. I quite admit the necessity for it. Therefore I do not want to go into questions of policy ; I want to look at it from the practical point of view so that we may come to a practical conclusion to-day. I am not opposed to emigration to Ceylon ; I do not want to discourage it. In fact it will be difficult to prevent it having regard to the proximity of the place and the past habit of the people of those districts, especially the Tamil districts. I should like, however, to say just a word in regard to the alleged facility of the journey from these districts to Ceylon. Mr. Hullah has presented a rather exaggerated picture of the easiness of the passage from India to Ceylon. Take the district of Chittoor. It is 300 miles from Chittoor to Mandapam and although it may seem a very easy matter for these poor labourers to cross the intervening 22 miles of sea. I must inform the House that it actually takes them seven days to get across, for there in Mandapam they are kept in quarantine. That is a hardship which is greatly felt, as negotiations are going on between the Ceylon and Madras Governments with a view to removing this hardship, we have not therefore laid much stress upon it. But apart from that there are practical difficulties which have yet to be faced by the Madras Government and by the Indian Government before this emigration question can be satisfactorily settled.

As I was saying, with regard to the figures furnished to us by the Ceylon Government, in June Major Nicholson gave us some figures ; in July the Ceylon Government furnished us with another set of figures ; when the Deputation came in September they gave us a third set of figures ; and we find them irreconcilable, and therefore it is a matter which has to be carefully inquired into. But taking them at their best, the wages are unduly low. It may be true that the wages earned by these people in their own districts are not much better, but I doubt if in any place the wages are so low. From my own experience of several Tamil districts I do not think the agricultural wages are so low as they are in Ceylon. It may be asked, why is it then that these people go at all ? The real answer is that you have an army of kanganies. For the recruitment of about 39,000 people 14,000 kanganies are employed ; each man recruits three or four labourers, and he gets five rupees for each labourer to begin with and five rupees afterwards ; each labourer also gets an advance of five or ten rupees. And probably it is the pleasure of the escapade, the trip which he takes, and the freedom of social life away from his home—that is perhaps the secret of these people going away from their homes. I have investigated this matter, and I do not think there is much fraud going on. I visited the Trichinopoly camp where about 400 or 500 coolies were waiting ; they understood what they were about, and I cannot say that there is much deception practised. I have therefore come to the conclusion that these people go out for such low wages because of their desire for social freedom, to go to a place where no question of Brahman and non-Brahman exists and where various other social restrictions do not exist. It is perhaps a matter which has to be investigated. But I do think, Sir, that in discussing this question we should not take into consideration whether these people are

happy or not in their homes. We are bound to make them happy here and we are neglecting our duties if we do not make them happy here. But merely because they may not be happy here is no reason why we should allow them to be unhappy somewhere else. At least let us see that they are happy in other places. I quite agree with the sentiments expressed by the Honourable Mr. Sarda. You must encourage freedom of the individual. I am quite willing to concede that. It is not the question of freedom of the individual here. We are now concerned with assisted emigration of labour. So long as it is unaided, you are not controlling it. But you give your measure of assistance to handies to go about, to recruit, to advance money and take them over and it is that which we want to prevent. If individuals go there on their own account at their own expense seeking their livelihood on the face of the earth, nobody can have any objection. We have to control, therefore, assisted emigration. Therefore, Sir, I want to impress upon this House that the existing wages are unduly low; admittedly they cannot meet the living cost even on their own modest calculation. The cost is Rs. 21, and man and woman cannot earn Rs. 18. That is why the labourers owe to the kankars nearly Rs. 150 lakhs, or Rs. 1½ crores. There is indebtedness of Rs. 1½ crores for these poor people. It is quite true that these people have not got much on which you can realise these debts. But all the same you know that they are under obligation in debt. It is moral obligation and moral fear; moreover, decrees can be obtained here and the little property they may have in the villages can be attached. Another fact which strikes me is this. Here it is that people are going there all these years, there has been free emigration to Ceylon all these years and yet not one of them has acquired property in Ceylon? When I was quite satisfied to see the conditions in Mauritius, where, for instance, nearly more than 40 per cent. of the land is owned by these Indian labourers who emigrated there; in Ceylon not an inch of land is owned by the labourers. If Honourable Members will compare the inflow and outflow of figures, they will see that 30,000 people go there and 20,000 people return in the year. So it is merely a short trip, as it were, which they make and they do not profit by it. This country does not profit by it. The only country which is profited by this labour is Ceylon. The planters on account of this large inflow of labour there are able to keep down the labour cost. That is there is room for these low wages. There is too much competition and hence, out of too much competition the wages are low. If we restricted the number or rather if we compelled the planters to give a minimum wage, then perhaps the conditions would not exist; the conditions will much improve. I think it is our duty to do that. I strongly impress on the Government and the House that they should take some steps. I do not think left to themselves the Ceylon Government will do it. How many months have they been in the Ceylon? The Immigration Act was a Bill before this House for nearly a year, after which the Select Committee, in fact, I passed only for six months, was asked to consider the Act. But, Sir, the Hon. member said one year, which is not the correct statement at all. In September we gave them time. What has happened? Have they appointed the Committee which the House had asked them to appoint to them in order to go into this matter? It is not yet done. What do they say in their reply of October 1934? They say that the conditions are not so bad as they are in South India

have to be investigated! Why should conditions in South India be investigated in order to fix what is the living cost there and what wage should be a good wage? All this is a mere attempt, a ruse, on their part to delay, to gain time; and Honourable Members will also see that since July last the number of people taken to Ceylon, because the Act does not apply, has considerably increased. They have taken advantage of the fact that the Act does not apply. If Honourable Members will look at page 43, the large increase of numbers begins there. Whereas from January to April the number is only 1,000, 2,000, 3,000, etc., after May it is 7,000, 10,000, 10,000. I rather suspect that taking advantage of the delay in coming into force of this Act, there is more effort put forth by the Commission in order to take more labour, so that they may have a large number of labourers on hand, so that when the Act comes into force the labour market there may be flooded and they may be able to keep down the wage.

I drew the attention of the deputation to that and they say it is due to normal conditions. I do not believe it. For my part I do not believe this statement. I pressed upon Government to get the publication that the Ceylon Planters issue every month or two months. I do not know whether they have done so yet. That would give them the clue as to why this large inflow of labour is going on. I have not heard whether the Government are going to get this monthly publication which shows the activities of the Ceylon planters. I am satisfied that the Ceylon Government and the Ceylon Labour Commission are one. The deputation was not a Government deputation. Unlike the other deputations which waited upon us from Mauritius and from the Malay States, the Ceylon deputation was really a planters' deputation. There was no Government servant on that deputation. Therefore, Sir, I do not think we should leave it to the Ceylon Government to do the needful. We have left it too long. I insist that this question of wage should immediately be attended to. Otherwise we should put a minimum on the number that should go. I attach the greatest importance to this. I am very sorry I have to do it, but I do not expect much from the Ceylon Government unless we put pressure upon it. Sir, these are some of the remarks I wish to make on this subject.

The motion was negatived.

Mr. President : The question is :

"That this Assembly approves the draft notification which has been laid in draft before the Chamber specifying the terms and conditions on which emigration for the purpose of unskilled work shall be lawful to Ceylon, and recommends to the Governor General in Council that the notification be published in the Gazette of India."

The motion was adopted.

10th February 1923.

RESOLUTION *re* EMIGRATION OF UNSKILLED LABOURERS TO STRAITS SETTLEMENTS AND MALAY STATES.

Mr. J. Hullah (Revenue and Agriculture Secretary): I move :

"This Assembly approves the draft notification which has been laid in draft before the Chamber specifying the terms and conditions on which emigration for the purpose of unskilled

work shall be lawful to the Straits Settlements, the Federated Malay States of Perak, Selangor, Negri, Sembilan and Pahang and to the Unfederated Malay States of Kedah, Perlis, Johore, Kalantan, Trengganu and Brunei, and recommends to the Governor General in Council that the notification be published in the Gazette of India."

Mr. President : Honourable Members will observe that the amendments sent in to this Resolution raise almost precisely the same questions as the amendments to the Resolution which we have just passed, and except in so far as conditions may vary, and they do vary, between Ceylon and the places named in the second Resolution, it will be a sheer waste of time to continue the debate on the lines on which the previous one has followed. Members will be within the "letter of the law" if we allow the debate to proceed along such lines, but I should think we should be violating the spirit of it.

Rao Bahadur T. Rangachariar (Madras City: Non-Muhammadian Urban): I have great pleasure in supporting the motion made by Mr. Hullah. We must make a distinction between Government and Government. I have entirely satisfied myself from the Deputation, from the way in which they behaved, from the very frank and ready way in which they placed facts and figures before us, from the earnestness and anxiety which they displayed for the welfare of labourers, our labourers run any risk in going to the Straits Settlements. The Government there are taking every care so far as I am able to see,—at any rate Mr. Gillman who appeared before us as the representative of that Government gave such a full and frank statement that I was simply delighted with the way in which that Deputation behaved. The wages the labourers earn there are not very high. They earn about 10 or 12 annas a day there, much better than, nearly double of what the people earn in Ceylon, and although we have pressed them to accept an inquiry for fixing the basic minimum wage, they have agreed to it and I think we may trust the Government of the Straits Settlements to see to what is necessary being done. I therefore support the motion.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, I wanted to make one or two remarks, and I also wanted some explanation from the Government of India on one or two points. In the first place I insist that the Government of India should appoint an agent—I was somewhat apprehensive from the remarks of the Honourable Mr. Sarma that if the Government of India gets sufficient money from the fees, then only would the Government of India appoint an agent. Sir, I deprecate this thing altogether. There was some sympathy shown . . .

The Honourable Mr. B. N. Sarma (Revenue and Agriculture Member): I did not say that it is only if we get fees that we are going to appoint an agent, but that I am looking forward to the fees also as a possible way of our immediately appointing an agent. I did not say that we would not otherwise appoint an agent.

Mr. N. M. Joshi : I do not mean that the Government are looking forward to getting large fees from the planters, but I do not want the Government of India to depend upon those fees. There was so much sympathy shown for the working classes here to-day that I am quite sure that if a proposal were brought forward for sanctioning the salary of the agent, the House would pass it unanimously.

The Honourable Mr. B. N. Sarma : I am glad to hear that.

Mr. N. M. Joshi : And pay a good salary too. I want the Government of India to explain to me whether strikes in Malay or in these Colonies are legal or not. From my study, I have, Sir, doubts on this point. Sir, the House knows very well that in the case of poor people the strike is the only weapon by which they can get their demands satisfied ; they have no political influence at all. Therefore I insist that the Government of India should make an inquiry as to whether strikes in these Colonies are legal or not. If they are illegal, I think the Government of India should at once make a strong recommendation to that Government and say that they must not expect any more labourers unless that law is abrogated. Then, Sir, I find from the papers circulated to us that the Government of Malay make education compulsory for the Malaysians but in the case of Indians they leave it voluntary. I want the Government of India also to impress upon the Government of Malay the necessity of giving compulsory education to Indians. It is absolutely wrong for a British Government, whether the Government of India or a Colonial Government, to make any distinction between subjects in their territories. They are after all British subjects ; and if education is to be compulsory for the Malaysians, it ought to be compulsory for the Indians. I therefore hope that the Government of India will write to the Government of Malay on these points and receive satisfaction on all of them.

The Honourable Mr. B. N. Sarma : We will make the necessary inquiries and try to redress the matters complained of.

Mr. President : The question is that that Resolution be adopted.

The motion was adopted.

8th March 1923.

DRAFT NOTIFICATION *re* EMIGRATION OF UNSKILLED LABOUR TO MAURITIUS.

Mr. J. Hullah (Revenue and Agriculture Secretary) : Sir, I lay on the table in pursuance of the provisions of sub-section (2) of section 10 of the Indian Emigration Act, 1922, a draft notification specifying the terms and conditions on which emigration for the purpose of unskilled work shall be lawful to Mauritius.

No.

GOVERNMENT OF INDIA.
DEPARTMENT OF REVENUE AND AGRICULTURE.

EMIGRATION.

Delhi, the March 1923.

NOTIFICATION.

IN exercise of the powers conferred by section 10 of the Indian Emigration Act, 1922 (VII of 1922), hereinafter referred to "as the Act," the Governor General in Council is pleased to

issue the following Notification in the form in which it has been approved by both Chambers of the Indian Legislature :—

Emigration to Mauritius for the purpose of unskilled work shall be lawful for a period of one year with effect from a date to be notified in the *Gazette of India* by the Governor General in Council after the matters requiring determination under clause 10 of this notification shall first have been determined subject to the following terms, and conditions, namely :—

- (1) The number of adult male labourers which may be recruited within the period shall be limited to 1,500.
- (2) The emigrant shall
 - (a) have been recruited by a person licensed for that purpose by and responsible to an officer (hereinafter called the Emigration Commissioner) appointed by the Government of Mauritius, or
 - (b) have applied direct to the Emigration Commissioner for an assisted passage and have been accepted by him.
- (3) The emigrant shall not, before leaving British India, have entered into any engagement to labour for a period exceeding one month.
- (4) Engagements to labour entered into by an emigrant in Mauritius for a period exceeding one month shall be void.
- (5) The Government of Mauritius shall, at any time when so desired by the Governor General in Council, admit and give all facilities to an Agent appointed under section 7 of the Act.
- (6) No part of the cost of his recruitment, subsistence during transport or transport, shall be recoverable from any emigrant, and all expenses in this connection shall be defrayed from the fund created by the Government of Mauritius under section 45 of the Labour Ordinance, 1922.
- (7) Any emigrant shall, if he desires to return to India at any time after two years from the date of his introduction to the Colony, be repatriated at the cost of the Government of Mauritius to the place of his recruitment.
- (8) Any emigrant shall, at any time within the period of two years from the date of his introduction to the Colony, be entitled to be repatriated at the cost of the Government of Mauritius to the place of his recruitment if he satisfies the Agent appointed under section 7 of the Act that his return to his home is desirable either on the ground of the state of his health or on the ground that the work which he is required to do is unsuitable to his capacity or that he has been unjustly treated by his employer or for any other sufficient reason.
- (9) If any emigrant at any time within the period of two years from the date of his introduction to the Colony satisfies the Agent appointed under section 7 of the Act that he is unable to obtain a wage which will provide the cost of living for a man with a wife and three children and also a reasonable margin for savings, sickness and old age, he shall be entitled to be repatriated at the cost of the Government of Mauritius to the place of his recruitment.
- (10) The Government of Mauritius, in consultation with the Government of India or the Agent appointed under section 7 of the Act, shall from time to time determine the amount of wage which is sufficient to meet the requirements laid down in clause 9 of this notification.
- (11) If at any time there is no Agent appointed under section 7 of the Act the Government of Mauritius shall appoint a person to perform the duties of the Agent as set forth in clause 8.
- (12) The Government of Mauritius shall furnish such periodical reports and returns as may be required from time to time by the Government of India in respect of the welfare of the persons emigrating to the Colony in accordance with this notification.

9th March 1923.

RESOLUTION *re* EMIGRATION OF UNSKILLED LABOUR TO MAURITIUS.

Mr. J. Hullah (Revenue and Agriculture Secretary) : I move, Sir :

“ That this Assembly approves the draft notification which has been laid in draft before the Chamber specifying the terms and conditions on which emigration for the purpose of un-

skilled work shall be lawful to Mauritius, and recommends to the Governor General in Council that the notification be published in the Gazette of India."

I am sorry, Sir, that we have to ask the House to discuss this Resolution at such short notice, especially at a time when they have many other important matters to consider. But our negotiations with the Mauritius Government continued until a few days ago, so that we could not put the Resolution before the House sooner. On the other hand the state of business before the House for the rest of the month is, I understand, so congested that it would have been perhaps impossible to put the Resolution before the House later in the month. We have however done our best and have supplied Honourable Members with a full copy of the papers.

I come now to the subject of the Resolution. So far as the composition of its population is concerned, Mauritius may fairly be described as an Indian Colony. No less than 70 per cent. of the population of the island consists of Indians who have either emigrated from India or are the descendants of persons who have done so. And we may dismiss completely and immediately from our minds the troublesome question of equality of status. Indians in Mauritius have complete equality of status in every particular with all classes and communities in the island. Mauritius is a small place, but has a revenue, I understand, of not less than 2 crores of rupees. In area it is good deal smaller than many a tahsil or taluka in India, and I doubt whether anywhere in the world you could find an area of similar size, and dependent on a single agricultural industry, so rich or so prosperous. The cause of this prosperity is the sugar industry, almost the sole industry of the island, and one that is carried on certainly with very great success and, I believe, with very great efficiency. But the industry is now threatened seriously by a shortage of labour. There are two causes of this shortage. Although the area under cane has increased by 26,000 acres in the last few years from 146,000 to 172,000 acres, the increase of the population has been very slow. The causes of this are firstly that Mauritius suffered very severely from the epidemic of influenza three or four years ago and secondly that the capital and chief sea-port, Port Louis, is very insanitary and has a high rate of mortality. The number of able-bodied labourers is less by 9,000 than it was 10 or 12 years ago. But there is another and a more important cause of the shortage of labour. When I spoke about a month ago on the question of emigration to Ceylon, I was chaffed for having been so enthusiastic that I might have been speaking as a planter. If I am accused to-day of speaking with the voice of a planter, I can at least claim that 46 per cent. of my voice is Indian. The Indians who went out to Mauritius many years ago as poor labourers have now by thrift and consequent prosperity acquired no less than 46 per cent. of the sugar area in Mauritius and hold this area, not as tenants of the bigger estates but in full proprietary right, to dispose of as they please and to do whatever they like with it. But, as Honourable Members will have seen from the papers before them, it is not merely for the planting industry that labour is needed. Even more it is needed, and in the forefront of the Governor's proposals is a demand for labour, for large Government works, sanitary works and water-works, to improve the admittedly unsatisfactory health of the island and particularly of Port Louis. No less than one crore and 40 lakhs of rupees are lying in the treasury in Mauritius because they cannot be spent, owing to

the want of labour, on a programme of works which will above all benefit the town of Port Louis, which is very largely, I believe mostly, populated by Indians.

Emigration from India to Mauritius has a very long history, but we need not go back very far. I go back to 1910 when a Committee, known as the Sanderson Committee, appointed to inquire into the question of emigration from India to the Protectorates and Crown Colonies, recommended that there should be no further emigration. It was said that the population was already dense; it was said that the supply of agricultural labour at the time was sufficient and there would come a time when the Indian labouring population, then unwilling to work, would be forced by dire stress of circumstances to do so. That prophecy has not been fulfilled. It was also said that pauperism was growing in the island. After this on several occasions, chiefly before the war, the Mauritius Government re-opened the question and asked the Government of India to resume emigration from this country. But those negotiations came to nothing, until in 1921, the Governor of Mauritius again opened the question and asked us to let him have 1,000 Indian labourers for public works and 200 artisans. We told him that a change had come over our emigration law and that the Government of India had no power to allow emigration without the consent of both Houses. We also told him the points on which the Legislature would no doubt want to be satisfied and the conditions that the Legislature would probably demand if Emigration was to be allowed. In every respect the wishes of the Government of India have been readily acceded to by the Government of Mauritius. And this has not been done as part of a bargain. They have not said to us "If we do this will you allow emigration?" They have acted first and have left it to us and to the Assembly to allow emigration if we please. Of the conditions which are before the Assembly in the Draft Notification, several have already been incorporated in the law of Mauritius. They are numbers 2, 4, 6, 7, 8 and 11. The rest either do not require to be incorporated in the law or are the result of our most recent negotiations. Finally, at our invitation a deputation came from Mauritius to Delhi, and here I should like to acknowledge on behalf of the Government of India and, I feel sure, on behalf of the Standing Emigration Committee, the fullness, the clearness and the frankness with which they stated their case and supplied us with all the information that we desired.

The Standing Committee was exercised over only one point,—as in the case of Ceylon, the question of wages, but for a very different reason. Whereas it was thought that in Ceylon wages were certainly too low, there was no question but that in Mauritius wages were high, very high indeed. But it was feared by some members of the Committee that to allow an influx of Indian labour into Mauritius would depress the high rates of wages already prevalent there. It was pointed out, on the other hand, that we proposed, as we do in the Notification, to allow only 1,500 labourers to go, and that this small number could have no appreciable effect in depressing wages.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadian) : What is the total number of labourers there already?

Mr. J. Hullah : The number of labourers, I think, is about 40,000. (*Mr. J. Chaudhuri* : "59,000.") The agricultural population is very much

bigger, and my point is that the agricultural population has grown at the expense of the labour population. It was also pointed out that the planters would certainly not import more labour than they needed on account of the very great expense of importing; it will cost about Rs. 300 to import a single labourer; if he takes his wife and children with him, it will cost of course very much more. Moreover, under the new Emigration Act and Rules, the Government of Mauritius will have to maintain an Emigration Commissioner in India and an emigration staff at very considerable expense, all of which goes to swell the cost of the labourer. Thirdly, we were reminded of the very large scheme of improvement which I have mentioned and which the Government has in hand—that works that are going to cost a crore and 40 lakhs can obviously provide labour for 1,500 persons and indeed a very great deal more. Nevertheless we negotiated in order to get and to secure a really sufficient wage. We had been shown a schedule of the cost of living, based on prices in 1921, which showed that the cost of living for a labourer, his wife and three children amounted to about Rs. 38. At the same time we were left under the impression that the present rate of wages for day labourers was Rs. 2 a day for a month of 26 days,—Rs. 52 a month. We were confirmed in this, we thought, by a telegram from the Government of Mauritius which was sent to us in June last year in which they stated :

“The normal rate for day labourers on estates does not now exceed Rs. 50. This Government is fully prepared to engage for labour at local market rates and to consider payment of such wages and under such conditions as the Government of India may suggest, subject to this being comparable with those now paid and afforded locally.”

The meaning and intention of that telegram is not very clear to us, but at first we proposed to the Mauritius Government that they should pay wages which would be roughly equivalent to Rs. 50 per month, and we therefore asked that they should guarantee a wage which would provide the cost of living according to the schedule, which was then put at Rs. 38, *plus* a margin of Rs. 12 a month, in all Rs. 50, with free housing and medical attendance. Failure to obtain this wage was to be a condition of repatriation. Any labourer who within two years could show to the Protector of Emigrants, or to our agent when appointed, that he could not obtain this wage including this margin, was to be entitled to repatriation immediately. The Mauritius Government could not accept this proposal as it stood and replied “that they consider the fixed margin of 12 rupees to be excessive.

“This,” they said,

“would bring wages with the cost of living calculated on a liberal scale, above the actual market rates, and such wages paid to newly landed immigrants would have a disturbing effect on all classes of labour in the island. With regard to the rate of Rs. 50 referred to in my telegram of the 20th of June, this referred to day labourers on estates not getting housing or medical attendance and is the rate paid during the crop season when wages are at their highest owing to the demand for labour. Even at that date lower rates were being paid for labour engaged on roads, etc. It should be realised that rates vary considerably in and out of the crop season. On estates at present a labourer with family receives besides free housing and medical attendance 28 to 30 rupees in cash and rations.”

So we had another meeting of the Standing Emigration Committee and it was admitted by the majority that it was hardly reasonable to demand from the Mauritius Government a fixed wage irrespective of the cost of living at the time and one stated to have been in force last year at the very height of the busy season of the sugarcane crop. So our final proposal to

the Government of Mauritius was that as the condition of repatriation there should be a wage equivalent to the cost of living for a man, his wife and 3 children *plus* a reasonable margin to be determined in consultation between the Government of India and the Government of Mauritius. That proposal has been accepted by the Mauritius Government and it appears in the conditions that we have placed before the House. It is very liberal, I think ; if a man goes all by himself and does not take his wife or any children, he will, nevertheless, get a wage equivalent to the cost of living for a man, a woman and three children *plus* a margin to be determined by discussion between the two Governments. The notification further provides that emigration to Mauritius shall be lawful with effect only from a date to be notified in the "Gazette of India" by the Governor General in Council after the matters requiring determination under clause 10 of the notification shall first have been determined, so that if the Assembly passes the notification to-day, it does not mean that emigration begins forthwith. This Government and the Government of Mauritius have to discuss and settle what shall be the wage and what shall be the margin, and we ask the Assembly to leave this matter in our hands.

I have now shown, Sir, I hope to the satisfaction of the Assembly, that Mauritius is a country to which we can confidently allow Indian labourers to go. When they get there they will find themselves among thousands and thousands of their brethren who speak the same language as themselves. They will find that they are equal in status with every section of the community. They will find themselves getting wages equal to what is required for the subsistence of a family of five. They will receive free housing and free medical attendance. They will not be able to make contracts of service for a period exceeding one month, so that nothing like the indenture system can arise. They will have extraordinarily liberal conditions of repatriation. Up to two years a man can secure repatriation for any reasonable cause, including the very liberal condition that he shall be repatriated if he cannot obtain work suitable to his capacity, and after two years he has an absolute right to repatriation without assigning any reason whatsoever. I have also told the Assembly of the readiness with which the Mauritius Government have accepted all the terms which we put before them during the course of the earlier negotiations and how without bargaining they have gone ahead and actually embodied these conditions in their law. I think there is no real fear that the addition of this small number of 1,500 persons to the labouring population of Mauritius can possibly operate to depress wages, for there will be sufficient work for them on the large sanitary works of improvement, which will benefit the whole island and especially the present Indian population. And I believe that if we allow this small body of labourers to go to Mauritius, they will find themselves in a country where the conditions of life for them are happier and more prosperous than anything that they know in their own. Sir, I commend my Resolution to the Assembly.

Rao Bahadur T. Rangachariar (Madras City : Non-Muhammadian Urban) : Sir, I beg to move an amendment which stands in my name to the Resolution moved by the Honourable Mr. Hullah :

" That for the original Resolution the following be substituted :

" This Assembly recommends to the Governor General in Council that the consideration of the draft notification specifying the terms and conditions on which emigration for the purpose

of unskilled work shall be lawful to Mauritius be postponed pending investigation on the spot by an officer of the Government of India of the probable effects of emigration of fresh labour into the colony on the Indian labour population already settled there."

Sir, the Honourable Mr. Hullah, in moving this Resolution, has given a pretty accurate account of the conditions prevailing in Mauritius. In fact, speaking once or twice before in this Assembly, I referred to Mauritius as a colony where conditions were quite favourable for the people who were already settled there. There are one or two aspects of the question which require careful consideration at the hands of the Assembly. In the first place we have already got there, settled in this very small colony, which as has been described to us, is no bigger than a taluka or frika even in many parts of the country, only about 520 square miles, has a population and a very large population indeed of Indians, who went there as indentured immigrants and of whom now about 40 per cent. have become peasant proprietors of small quantities of land. I may mention for the information of the House that there is no land available for purchase for new goers there, unless it be that the owners of big estates parcel out pieces and sell them. In fact the Indian settlers acquired property only in this way from owners of big estates parceling out their estates and selling them at various prices. There is no land available to the Government which can be placed at the disposal of these new settlers there. That is one aspect of the question which has to be remembered.

Another aspect of the question which has to be remembered is that there are about 50,000 Indian labourers who have to depend upon the market conditions of labour prevailing there. An influx, therefore, of Indian labour to compete with Indians already settled there is a matter which requires very careful consideration at the hands of the Assembly. We have not to look at it from the point of view merely of the new goers there. If you look at it only from that point of view, I have no doubt myself that these people will lead a better life than they do in their own homes. On that subject I have not the least doubt, because the wages in Mauritius are better than the wages prevailing in rural areas and slightly better than the wages prevailing in urban areas; but the question of emigration to Mauritius stands on a new footing in view of the past history of emigration to that Colony. The matter was thoroughly investigated by a Committee appointed by the Government of India in 1909 and in 1910 it was resolved on the report of that Committee, as Honourable Members will see, that emigration should not be permitted to Mauritius on the grounds, as Honourable Members will find on page 3, "that the Indian population there was large enough to supply all the necessary demands and that a state of things was approaching in which the pressure of existence would compel them to do so. They also considered that, as the Indian population increased, and the amount of undeveloped land diminished by the steady growth of peasant proprietorship, the openings for the immigrants whose term of indenture had expired would constantly diminish, with the result that the free labour market would become overstocked."

That was in 1910. Immediately afterwards, in 1912, within two years, the Governor of that Colony tried to re-open the question more or less on the same grounds as are now urged for re-opening that question, namely, that there is a dearth of labour, that there is not so much congestion, and

in fact the Committee were misinformed and came to wrong conclusions. Almost the identical grounds which are urged now in support of emigration were urged within two years of that Committee. It is the conditions are alleged to have changed after 10 or 12 years ; it was even within two years that the conditions were changed and in fact the Committee came to wrong conclusions. That was the ground on which the Governor tried to re-open the question, but both the Government and the Secretary of State were satisfied that they could not allow emigration. Again, in 1915, the Governor tried to re-open the question and then he had only 200 or 300 labourers at that time. The Government of India stood firm and said they would not allow emigration because the introduction of fresh Indian labour would be mischievous by the introduction of fresh Indian labour. In fact, the Government of India have repeatedly refused to grant the request for the following reasons which Honourable Members will find at page 6. I emphasise grounds 3, 4 and 5 :

"(3) If additional labour is introduced, the congestion in the country will not be relieved by the opening out of new land.

(4) Indian opinion in Mauritius is opposed to the introduction of additional labour.

(5) The gain to prospective emigrants is negligible, as high wages can be earned in the principal towns of India."

These are the grounds on which the Government of India strenuously refused to re-open that question. Now the Government of the Colony in 1921 renewed the request by making an appeal to the Government of India which was transmitted to this Government. At that time we were enacting the Emigration Act. Honourable Members are aware of the policy which underlies our Emigration Acts, that assisted emigration should not be permitted unless we are satisfied that the conditions in the place where we send our population are satisfactory, and that is why we took the control of emigration into our hands. Now Honourable Members will find that in March 1922 the Government of this Colony made an offer, or rather proposed to this Government, that we should allow emigration for Government works, and they were prepared, as Honourable Members will see from the telegram just read to us this morning which appears at page 21,—which is dated the 20th March 1922, they state :

"The normal rate for day labourers on estates does not now exceed Rs. 50. The Government is fully prepared to engage day labour at local market rates and to consider the payment of such wages and under such conditions as the Government of India may suggest, subject to these being comparable with those now paid and afforded locally."

So that they were prepared to pay a little over Rs. 50, which was the prevailing normal rate. This was confirmed in their letter, dated 20th March 1922 :

"As stated in my telegram of 20th June, this Government is fully prepared to engage day labourers at local market rates and to consider the payment of such wages and under such conditions as the Government of India may suggest, subject to these wages and conditions being comparable with those obtaining locally."

That was in August 1922. The deputation left the Colony about the end of December 1922 and arrived here in the middle of January. The deputation met us about the last week of January, and at the first meeting of the Committee, as Honourable Members will see at page 32, the deputation informed us that they had been in Mauritius for some time and had been in

this Committee : speaking in January 1923, the deputation stated—that is the non-Indian portion of the deputation stated :

“Current wages for day labour are approximately Rs. 2 per head for 26 working days.”

Therefore that comes to Rs. 52 a month. *Current* wages, Honourable Members will note the language. Therefore in January, 1923, the Committee were informed that the current wages were Rs. 2 a day :

“The Estate supplies quarters for married people, etc., and Government are prepared to pay the market rate for labour, which is at present Rs. 2 per head for efficient labour but are unable to offer a guarantee.”

The two Indian members of the deputation, who are now big planters, stated, as Honourable Members will find at page 33 :

“All daily labourers can get Rs. 2, Rs. 2/8 and Rs. 3 at the present daily rates, the higher rate being paid at harvest time.”

So that the lowest rate was Rs. 2.....

Dr. H. S. Gour : No, the lowest was Re. 1-8.

Rao Bahadur T. Rangachariar : The lowest for road-making was Re. 1-8. Then the secondman, the Sardar says that he had to pay labourers Rs. 3, Rs. 4 and even Rs. 5. On this information the Committee acted ; I think it was in the second meeting, with due regard to the cost of living as given to this Committee—which Honourable Members will find at page 53—viz., Rs. 38 which includes Rs. 3 as rent for the quarters which these people allow—the rent of these quarters which is now Rs. 3 was only one rupee in 1914 for the same accommodation—a calculation was made. Now we argued : well, the cost of living is Rs. 38 and people have to perform a journey of twenty days from Calcutta as Honourable Members will remember. And having to go such a long distance and having regard to the wages in the presidency towns like Bombay, Calcutta and other places and having regard to the cost of living in the locality, we thought that a margin of Rs. 12 for saving in this distant place was only proper, also having regard to the wages prevailing there, which was admitted, viz., that in January 1923 the current wages were not less than Rs. 2 per diem ; therefore, taking 25 days' work in a month or Rs. 50 per month a safe margin had to be allowed for the people who go there to make a decent living and saving. Although Honourable Members may be struck with the fact that these people get nearly Rs. 2 a day, they have to remember also the cost of living in that place which is Rs. 38, so that only Rs. 12 is left as a margin for their festivities and for old age and sickness and other things ; so that the Committee thought that if they fixed this condition, that is, if any labourer is unable to get this wage then he should be repatriated, that is how we resolved unanimously on the 30th January as Honourable Members will find on page 37, it would be the proper course ; the permission should be subject to the condition that if any labourer now imported is unable for a period of two years after landing to obtain a wage of Rs. 2 a day which shall not include medical relief or quarters and satisfies our agent of this and wishes to return to India, he shall be entitled to repatriation free of charge. That was a very reasonable proposal we thought. Honourable Members will remember that at about that time the Ceylon and Malay States question came up for consideration in this Assembly and I am afraid

that the attitude of this Assembly in reference to those colonies has influenced a slight backing away or back-sliding of this colony and going back upon the terms which they were prepared to offer at that time. Now, what has happened? Those who formed the deputation told us in January 1923, the Government told us in August 1922 and also in June 1922 that the current normal rate was Rs. 2 a day; we did not want to interfere with the market conditions in that place by putting in 1,500 families there. Honourable Members will notice the proposition is to send 1,500 adults; adults includes dependants and therefore you are sending 1,500 families which means nearly 3,000 or at least 2,500 labourers; so that you are introducing in a place where there is an Indian labour population an additional labour population of 2,500. Therefore it will have its economic effect on the law of supply and demand. Honourable Members will remember that in 1921 the average rate of wages was Rs. 82; in 1922 it fell to Rs. 50; so that the wages have already shown a tendency to fall and we do not want to introduce another factor to put pressure in the labour market and make the wages go further down. Therefore we thought it was a very good condition to impose, so that the people who go there will have something to save and it will not adversely affect the labour market there. That is what they say themselves; they say "If you fix this condition it will have a tendency to keep the wages at that level." I quite admit it. But you yourself admitted that that is the normal rate and therefore we are not introducing any new rate. You yourself having admitted that is the normal rate and that is the rate which you were prepared to offer, we do not want to reduce it. Then we met a second time; and although I was for taking a different course the majority of the members resolved, as Honourable Members will find at page 39 :—"The remaining members considered that the criterion for repatriation should be the cost of living, calculated in the manner, and on the scale shown by Mr. Walter, *plus* Rs. 12." Very well, I do not object to that very much, although I was for fixing Rs. 50 per mensem. Now this was about the 3rd of February. On the 10th of February we passed our Resolution about the Ceylon and Malay Settlements. Of course, they went on pressing and we went on yielding. So it was a question of bargain; it depends upon who is able to stand firm. So the deputation perhaps thought that this Assembly was quite prepared to agree to whatever people from other Colonies said, and they put more pressure on us, and subsequently they began to take a different attitude. Having told us on 23rd January that the current rate was Rs. 2 per diem, on the 12th and 14th February, Honourable Members will find we were told that the current wages had shown a tendency to go down. The deputation left in December, and met us in January. They told us that the current rate was Rs. 2 per diem, but on the 12th and 14th of February a new tale was unfolded which Honourable Members will find in the telegrams at pages 26 and 27. (12th February and 14th February, Nos. XV and XVI.) We see there wages are going down further to Rs. 32, Rs. 30 and so on. This took us aback. We were told that Rs. 2 was the current normal wage, and we were told within a few weeks that the wages are showing a tendency to go down. I for my part am afraid that this negotiation itself for importing fresh labour after so many years' cessation is having its effect on the labour market there. I am afraid pressure is being put on the labour market there on the ground that new labour

is coming there, and if the statements contained in the telegrams of the 12th and 14th February are correct, then that shows clearly that the tendency for the wages to go down is due to some extraordinary cause. It went down from Rs. 82 to Rs. 50 between 1921 and 1922, and again it went down from Rs. 50 to Rs. 38 which is the cost of living, and before we send our people there and place the people who are already there in a difficult position by adding this additional labour in the market there, the matter should require some consideration ; it is true we are perfectly satisfied with the political conditions—the qualifications are equal—Honourable Members will see that no Indian has sought a place in the Legislative Council there because of their apathy, because of the nature of the population who are mostly coolies who went there. Although the Indian voter's list is 2,600 strong, out of about 8,000, no Indian was elected and only 2 Indians are nominated, and no Indian has been elected to the Council although there is nothing to prevent them from standing for election. All this is by the way. Now one Committee has already said that we will be affecting the Indian who are already there, and so far as the Indian population is concerned, we have no definite data to go by. The Indian population there did not like any new immigration ; in fact there was a conference held there and only 2 Indians of those who are present, said that they did not like any new immigration. There is a queer reference to it in the Government's letter that the Indians are anxious to keep the wages high. Now what is the meaning of this reference in the Government's letter that the Indians are anxious to keep the wage high.

Mr. J. Hullah : Did the Honourable Member say there were only two Indians at that meeting?

Rao Bahadur T. Rangachariar : I did not say that.

Mr. J. Hullah : I am sorry ; then I misunderstood.

Rao Bahadur T. Rangachariar : Two Indians accompanied the Deputation but they were planters, big planters as I have already said. What we are now concerned with is to find out how the small proprietors there will receive this and what effect this new addition to the labour market will have upon the large labour population who have to depend upon labour alone. This will have to be carefully investigated, and therefore I suggest that we may allow this emigration provided we are satisfied that we do not affect the population there materially. We do not want a guarantee that they should get this rate of wages there. What we want is a guarantee that they should get a margin of Rs. 12 over the cost of living,—that is as per schedule, which they themselves have furnished. But that they are not willing to undertake. They want to take advantage of the fact that wages are going down and this I think you should not allow to take place without a fresh inquiry by a responsible officer of the Government of India on the spot. Because real Indian opinion on the part of the labour population has not found any facility to come here and represent their side of the question. And, moreover, one or two Indians coming over here will not be able to give us that impression which an examination on the spot will disclose. There is a great deal therefore in allowing this matter to lie over. After all, it is now over 13 years since emigration was stopped and the matter was said to be urgent from 1921, so that a few months' delay will not in any way affect the question. On the

other hand, we will be able to consider this question with our eyes open after a report from a responsible officer of the Government of India. Therefore I think that, having regard to this sudden fall in wages, from Rs. 82 in 1921 to Rs. 50 in 1922, in January 1923, and all of a sudden to Rs. 35 or Rs. 30 in February, and whereas we have to pay higher wages, they show a tendency to rise here, there is not that fall, my own fear is that this very negotiation going on for the last two or three months or six months has had this effect and this is being used as a lever to force the Indian population there to accept smaller wages than they have hitherto been getting. That is my fear and my reading of the situation. I therefore submit, Sir, that there should be an investigation of this part of the question. While I am in entire agreement with regard to the other matters mentioned by the Honourable Mr. Hullah, there is nothing lost by leaving this notification to stand over till an investigation has been made. I move my amendment, Sir.

The Honourable Mr. B. N. Sarma (Revenue and Agriculture Member) Before I proceed to the main question that has been argued with much ability by my Honourable friend, Mr. Rangachariar, I will make a few preliminary remarks. I do not think it is necessary for me to enter into any full discussion because we are all agreed that, so far as the past history of this Colony is concerned, it has been very satisfactory. It is satisfactory, I say, for this reason that those who have settled down there have been able to acquire considerable property and a rate of wage which compares very favourably with that prevailing in other parts of this country as well as in other Colonies a wage higher

1 P.M.

than a living wage, taking the low standard into consideration. If a Colony can make labourers peasant proprietors, if it can give guarantees of ample food and clothing and also afford us a practical assurance that in a short time they would be able to become peasant proprietors in their own turn, I think it cannot but be said that the past history is a satisfactory one. But I do not think it is necessary to labour the point because the issue is somewhat differently put. There are no racial discriminations, there are no constitutional differentiations. The real point is, is there any need for labour in that Colony? Are labourers being demanded or being asked for, in order to depress the wage there or to satisfy the absolute imperative needs of the Colony which cannot be met without the assistance of the existing labour population? And what will be the result of our denying the assistance which is demanded by the Colony? I agree that the Government of India on previous occasions, accepting the recommendations of the Sanderson Committee, were unable to see their way to sending labourers to Mauritius. But the Government of India as well as the Committee have fully examined again the question as to what the existing conditions are in order to see whether there is any demand for new labour or whether this demand is put forward only to depress the labour conditions in Mauritius and they have come to the conclusion that more labourers are needed for the purposes of that Colony. It has been proved to us—and Honourable Members will see that—that the area under sugarcane cultivation has gone up between the years 1911 and 1922 and that the number of labourers who are available for the sugarcane cultivation has been reduced. It has been said that at least one labourer would be required for 3 acres. There are at present 162,000 acres under cultivation. 54,000 labourers are therefore said

to be the proper requisite for getting the best out of those 162, for getting the proper yield and for proper cultivation, whereas of labourers has been reduced by about 9,000 as between 1911. That is, there were more labourers available in 1911 for the cultivation of a smaller area and the Committee was satisfied therefore that a larger number is required to carry on efficiently the sugarcane cultivation which is the staple crop of that Colony. Honourable Members might ask why the number of male labourers should have been reduced as between 1911 and 1921. The reason is simple. A number of the old indentured labourers have died on the ordinary course of nature disappeared from the scene of their labour. The number of adult labourers therefore has been reduced considerably. A number of them have also taken to other occupations and the net result is that the number of labourers between the ages of 20 and 49 is at present about 15,000 and the members in charge of the agricultural department from Mauritius have told us that about 54,000 would be the proper number for the efficient cultivation of that area, but I shall not labour this point further. There were one or two reasons which induced the Government of India to set up the committee to consider that there was a real need for labour. Large public works have to be undertaken. A sum of 1 crore 40 lakhs which is to be spent for public works including irrigation works has to be spent, and it is to be spent over a period of ten years, it has been proved that the present labour population is inadequate to carry on efficiently even the present work under sugarcane cultivation. Therefore if another additional 50,000 acres of waste land are to be brought under cultivation and if the same public works are to be undertaken, the existing labour population would be inadequate, inadequate as it is considered even for present purposes. The main point that was urged was that the new labourers might take the bread in the mouth of the existing labour population their bread, may compete with them and consequently depress the labour market. We feel that there is no such danger whatsoever because the men that are to go from here to Mauritius will be engaged on the same work, except that they would be free to do other work if they liked, but have got new work allotted for them and consequently the same quantity of work an additional number would not compete with them. It is therefore felt that there was no danger whatever in allowing a small number to go from India. What would be the result of our refusing to grant the assistance that is so sorely needed by the colony. I think the effect would be disastrous from the point of view of the Indians themselves who are working there. It may be that the ignorant labour population may grow and the result may be so. I am not stating that it is so. Let us take a long view of the matter and consider as to whether it would not be to the advantage of the colony to enable the Mauritius Indian population to enable them to live under healthier conditions, to enable public works to be built when the money is there, to bring more land under cultivation which would be shared by them and possibly bring in more emigrants from India and consequently the Government have felt that the Committee have felt in the earlier stages that they would be doing a good thing to assist the colony by the supply of a small labour force and

for different terms than those proposed in this notification. Honourable Members will remember that we are no longer dealing with an indenture system. If we could guarantee the labourers that go from here to the Government then a different set of considerations would arise. The Government could say, we will pay the 45, or 50 or 60 rupees per labourer and we can fix him by means of a contract. But we have deliberately set our face against the continuance of the indenture system. The labourer is now a free man. When he lands there he can work under the Government or under a planter or earn his living in any way he likes. There is nothing to tie him down to Government work or to work for a planter. Consequently, it will not be possible for this House or for the Government of India to fix any rate of wage which must be guaranteed over a period of years. Honourable Members will see the difficulty under which we have to work the new system. That being so, we have to satisfy ourselves whether when these 1,500 men go there they will really be confronted with a situation in which they would not only be unable to seek their living on proper lines but would be compelled to accept such a low wage as would really handicap them. The only way out was to stipulate with the Mauritius Government that they would repatriate unconditionally any labourer whenever such a state of things obtains in that colony as would compel a labourer to work without getting a living wage with some reasonable margin. The only way out therefore was to provide a repatriation clause under which this would be guaranteed to the labourer who goes from here, and such a repatriation clause has been provided for. At the end of two years a labourer will be entitled to demand repatriation, whether he can earn a living wage *plus* a reasonable margin or not. And further, before the end of the two years if he can satisfy our agent whom we hope to employ there that he cannot earn a living wage *plus* a reasonable margin, then also he would be entitled to be repatriated at the expense of the Colony. I suggest to the House that that is a very reasonable position, while the fixation of a definite sum, such as Rs. 12, would not be quite the best thing to do, especially since we have to deal in this Assembly with broad principles and not details. Honourable Members will understand that we have to determine the principles here and leave the working out of the details to the Executive Government. And any principle which we may apply to this case would ordinarily be applicable to the other Colonies also. We cannot fix as a Legislature Rs. 12 in the case of Mauritius, Rs. 5 in the case of Ceylon, Rs. 3 in the case of the Straits Settlements and Rs. 4 in the case of Fiji—I am only giving hypothetical figures. What we can insist on is a living wage *plus* a reasonable margin and here I think the Committee have done as much as they could in asking for a living wage not only for the man himself but sufficient for a wife and three children besides. That is a new principle and a principle I think which would help the labourer considerably in his struggle in this as well as in other Colonies, and I would draw the attention of the House to the supreme importance of the acceptance of this principle as a line of policy which we are initiating for the first time in dealing with Mauritius.

Now, coming to the question whether the negotiations which have been taking place here have not really depressed the labour market there and are not calculated to depress the market further, and whether the reason for the Colonial Government stating that they would not be able to agree to Rs. 12

wage is the one suggested by the Honourable Mr. Rangachariar, we shall have to take two or three points into consideration.

We have been told by Mr. Walter and the other Members as well as by the Indians who came here that the wages fluctuate remarkably in that Colony in the busy season and in the busier season. The fluctuation is between Re. $1\frac{1}{2}$ and Rs. $3\frac{1}{2}$ and even Rs. 4. At the time when the Colonial Government addressed us, it was about Rs. 50, and we were told that the cost of living as then computed in 1921, was Rs. 38-8. We have asked the Colonial Government as to what this means as to what the state of prices is at the present moment and we have got information to show that during this period there has been a fall in prices to the extent of about Rs. 10—that between 1921, when it was stated that it was Rs. 38-8 and the period we are now thinking of, that is at the present moment, the cost of living of a man, woman and three children, we are told now, has fallen from Rs. 38-8 to Rs. 28-8. That accounts really

Rao Bahadur T. Rangachariar : May I draw the Honourable Member's attention to page 51, the fact is, the note is added on the 20th February, 1923, to the table,—page 51, at the bottom, the note added on the 20th February ? This explanation is only added after the meetings were over.

The Honourable Mr. B. N. Sarma : I was anxious to know as to what these fluctuations mean, and before I came to this House I wanted the Colonial Government to supply me with figures showing what the actual cost of living is at the present moment because I wanted to be satisfied as to why it was that they stated that the wages obtaining in the market at that time were about Rs. 30 or Rs. 32, and in answer to my query the Mauritius Government has kindly supplied us with information which would show that this fall in prices has been due to. . . . (*An Honourable Member :* "Since when?") The papers were put up to me yesterday ; I think Mr. Hullah obtained the information only very recently, it must have been two or three days ago. I think it was after those papers were printed off,—that is the reason I had this information given to me last evening ; and I am mentioning them to show that the Colonial Government have not assumed an unreasonable attitude in the matter and that the effect of the discussions on the Ceylon question were not really the factor which influenced or could have influenced the attitude of the Colonial Government in this respect. Honourable Members will find at page 53, that there is a fall of nearly Rs. 5 in the price of rice—it is no wonder—what Mr. Walter gave us was the prices in 1921, and Honourable Members will realize that there has been a considerable fall in the price of rice since 1921 ; so then we were proceeding on the basis of the 1921 prices, and we are now proceeding on the basis of the 1923 prices ; there has been a fall of Rs. 5 there, a fall in the price of *dhal* of about Re. $1\frac{1}{4}$; I need not go into all the details, the total works out at Rs. 10 less, so the cost of living for a family is Rs. 28-8 as against Rs. 38-8. That accounts really for the Colonial Government being cautious in their attitude as regards the fixation of a specific sum which must be guaranteed as a condition of repatriation. They are willing to accept the principle, and we can proceed only on general principles, so long as we are satisfied that the acceptance of the principle, if translated into action, is not likely to prejudice either the existing labour population in Mauri-

tius or the man that goes from here. There is one point, Sir, I would ask the attention of the House to, and that is this. What we are now dealing with is the question of minimum and not the question of maximum or the question of the wage which would be earned by the labourer hereafter in Mauritius. The minimum was Re. 1½ as Honourable Members will notice. The maximum was Rs. 3½ or Rs. 4. That is, when there is the stress, when there is demand for labour, labour is able to dictate a higher wage and it gets it. It will be able to do so exactly in the same way hereafter also, because there is nothing to prevent the labourers, either now there or those who will be going there hereafter, from dictating the wage on which alone they would work provided we do not over-stock the labour market. But we have already tried to show that we are not likely to over-stock the labour market, because if the Mauritius Government are going to undertake the new works costing Rs. 140 lakhs, if they are going, by means of irrigation works, to bring in another 50,000 acres of waste under sugarcane cultivation surely it follows necessarily that these men, small as they are, only 1,500 would not be able to do even the new work that lies before them. Therefore, the labour market would be exactly in the same position, it will perhaps be in a better position, by reason of the new works which are contemplated by the Colonial Government. I would therefore put it to the House that the conditions that are adumbrated are likely to improve the condition of the existing labourers and the labourers that are going from here, and that what we have to see is that the labour market is not over-stocked. Then, if we cannot fix a wage because we cannot guarantee that these labourers would work only for the Government or would work for the planters, what is the other course open to this House and to the Government? The provision of a minimum, the non-receipt of which would entitle them to repatriation. The only point, then, before the House is whether it ought to be Rs. 12, or Rs. 10 or some indefinite sum which is to be fixed by the Government; it may be in excess of 12, it may be smaller than 12, but it will be some sum which ought to be determined in relation to some accepted principles. If the Government of India find that it should be more than Rs. 12 and the Mauritius Government are not going to accept it, then no emigrants will go from here. I am not suggesting that there is that possibility or probability. All that I am saying is that we shall have to accept the margin as a margin for what?—for sickness and for old age and such other things. We shall, therefore, have to proceed upon some data, some scientific data, which would give us on an insurance basis the amount that would be required in the case of these labourers as a provision for sickness, old age and other contingencies. The Government of Mauritius or the agent of the Government of India would communicate to us, what the margin ought to be, and it would be determined between the Mauritius Government and the Government of India. It is impossible for us as a House to determine what the margin should be. Honourable Members will also see that this has a very great bearing upon the determination of the margin with reference to various other colonies also. What is the ground upon which this Rs. 12 has been asked for? This Rs. 12 has been asked for because Rs. 38 was the living wage and Rs. 50 was the wage of the labourer at that particular moment. Therefore, Honourable Members said that Rs. 12 shall be the reasonable margin. But it may not be a reasonable wage, reasonable margin, supposing insurance

money for sickness and old age happens to be a larger sum having regard to the fall in the living wage.

My position really is that the question of a margin should be determined by some scientific principles. I will not say there is anything very scientific in this matter, but I mean some basic principles of action which would be applicable to all colonies alike, and that the House would be doing the right thing if on a matter of that kind they left the margin to the Government to settle. It is always open to this House if the Executive do not exercise their discretion correctly, to take the necessary measures for the purpose of preventing any evil which may be growing up. After all I would suggest that the cost to the Government of Mauritius of employing an agency and of taking these 1,500 men will be a very large sum. They are not likely to pay as much as 150 or 200 rupees per labourer unless they are really wanted there. That is a point I would like to press upon the House. The Mauritius Government is not likely to spend Rs. 200 or 250 per labourer at the risk of having to repatriate them at their own cost within two years, and certainly after two years, unless there is real work which has to be given to them the moment they go there. And if there is new work to be given to them, I would suggest to the House that there is no danger whatsoever of the labour market being depressed by this small number being allowed to go there. What is the Government Officer going to report on at the present moment? It is only experience that will tell us whether our expectations are going to be realised or not. If the fluctuations in the market price of labour are as wide as a rupee and a half and three and a half rupees, a few months' stay in the island would not enable him to tell us what it is going to be. Therefore the Committee fixed on the small number of 1,500 and that only for one year in order to watch the effect of the new immigration upon the existing local market. They have deliberately given to the Mauritius Government only a small number with a view to watching the effect on the labour market there before a larger number is sent of the 7,000 men that were asked for. Government are as anxious as any Member in this House to see that the Indian population there is not prejudiced. We do not want to get rid of labourers from here. That is not in the slightest degree the wish of the Government or of any Member of this House. We want to safeguard the interests of the existing population of Mauritius, which may be truly said to be an Indian colony, and we feel that it would be prejudicing the interests of that colony if we did not supply the small number which that Government has been asking for continuously for the last many years. 1,500 is not a large number. The effect thereof will be watched with care by the Government and, as already stated, we are not going to agree to a single labourer leaving the shores of India until we are satisfied that the wage he would be able to get is a fair wage. All that we are asking is that this House should accept the principle and leave the working out of these principles to the Executive Government, and having regard to the observations made in this House, the Government would endeavour their level best to ascertain the conditions in Mauritius before they took action.

Mr. B. S. Kamat (Bombay Central Division : Non-Muhammadan Rural) :
How?

The Honourable Mr. B. N. Sarma : How? By means of such inquiries as may be possible. It may be that if on further inquiry we feel it is necessary we may have to send an officer. I am not going to say that the Government will not find on further examination that it is necessary that they should know the exact state of things. All that I am asking is that we should not be bound down to a particular policy. We have got the interests of the labouring population at heart and if we are not satisfied with these wide fluctuations, we shall ourselves embark upon an examination of the question by sending such officers as we desire to see that neither the new immigrants nor the existing labouring force is prejudiced by any action that this House may leave it to the Government to decide. The reason why we have been obliged to place this question before this House at such short notice is that we may not have an opportunity in the near future of asking the House to agree to this notification, and it may be a very long time before we might be able to do so. It is undesirable, especially having regard to the fact that we shall have to postpone indefinitely the execution of public works in Mauritius, which would be very helpful to the Colony, to delay, if delay can be avoided; but Honourable Members may rest assured that we will not hurry in this matter so as to prejudice the interests of Indians already in that Colony.

Mr. President : The question is :

"This Assembly approves the draft notification which has been laid in draft before the Chamber specifying the terms and conditions on which emigration for the purpose of unskilled work shall be lawful to Mauritius and recommends to the Governor General in Council that the notification be published in the Gazette of India."

The motion was adopted.

16th February 1923.

RESOLUTION *re* ADOPTION OF A POLICY OF PROTECTION.

Mr. Jamnadas Dwarkadas (Bombay City; Non-Muhammadian Urban) : Sir, I rise to move the Resolution that stands in my name on the agenda paper. It runs thus :

"This Assembly recommends to the Governor General in Council that a policy of Protection be adopted as the one best suited to the interests of India, its application being regulated from time to time by such discrimination as may be considered necessary by the Government of India with the consent and approval of the Indian Legislature."

I need scarcely say, Sir, that this is one of the most momentous questions that have come before this House for obtaining the decision of the House upon. The decision that the House will give on this most vital question will, I need scarcely say, affect the future of India. This question has been before the Indian public ever since the advent of British rule in India and the House is also aware that respected Indian publicists, most of whom have now passed away and some of whom are still with us, have spoken in clear and unmistakable terms as to the policy that India should adopt on this question. Unfortunately, situated as we were in those days, neither the opinion of Indian leaders or the Indian public, nor the opinion of the Government of India, even as it was then constituted, were paid attention to by those who were in authority in England. The fiscal policy for this country was dictated not

by the Government of India in this country nor by the people of this country as represented in the Legislatures of this country but by the Secretary of State, and that, not even in the interests of this country but in other interests. Ever since the inception of British rule in this country leader after leader has spoken unmistakeably on the question of India having the right to decide its own fiscal policy and most of the Indian leaders have condemned the policy of free trade forced on this country, a policy which was dictated by interests other than our own. You find, for instance, Mr. Gokhale calling the fiscal policy that was forced on this country "the darkest spot in the administration of India." You find men like Romesh Chunder Dutt condemning the policy which was largely in the interests of other countries than India. You find men like Ranade condemning the policy of forcing free trade on this country which brought about the economic poverty and the misery of the masses of this country. Time after time, not only outside the Legislatures, but even in the Legislatures the question was brought forward by Indian Members of the Councils asking for a voice on the part of the Government of India and the Indian Legislature in the determination of the policy that was best suited to this country. Unfortunately for this country the cry of the Indian leaders—and if I may add also, of the Government of India—was a cry in the wilderness. You will remember, Sir, and I am sure this House will remember that even in the earlier periods when the struggle between this country and Lancashire was going on in the Legislature itself, Members of the Government of India openly declared that the policy which was being forced on this country was not at all in the interests of this country and we were unfortunate enough to be compelled to continue a policy which was not of our seeking, which was not in our interest, but which was forced on us by other interests. Finally the cry of the Indian Legislatures and of the people of India culminated in the appointment of the Industrial Commission to find out whether or not there were possibilities in the country for industrial development. Even then, as the power to dictate the policy was in the hands of the Secretary of State and not with the Government of India, the question of the fiscal policy best suited to this country was precluded from the deliberations of the Industrial Commission. Mr. Montagu and Lord Chelmsford then instituted an inquiry into the political problem in India and we find in their Report that it is clearly stated that they believed that one of the greatest grievances of India was that they had no voice in determining their fiscal policy and that they were forced to adopt a policy which was not in their interests. As a result of the inquiry instituted by the late Secretary of State and Lord Chelmsford and as a result of their deliberations the Joint Parliamentary Committee made a recommendation in which it clearly stated that in future, after the introduction of the Reform Act of 1919, all questions of fiscal policy should be determined by the Government of India in consultation with the Indian Legislature; and in cases where the Government of India and the Indian Legislature were in agreement the Secretary should cease to interfere. It was in accordance with this recommendation that the demand for an inquiry into the best policy suitable for this country was renewed here and ultimately a Commission was appointed to conduct that inquiry. We are here to-day to discuss the recommendations made by that Commission and to decide as to whether we should adopt the recommendations made

unanimously by the Commission or whether we should continue to bless the policy which has brought about serious consequences in this country, which has brought about a state of economic dependence incomparable in the annals of the history of the world. India had once the reputation of being one of the richest countries in the world. To-day, as the House knows, it has the reputation of being one of the poorest countries in the world. Its dependence to-day is almost entirely, on land; and in years of famine especially, one feels in the words of Lord Curzon that "the resisting power of the people is practically nil." The Fiscal Commission has made recommendations. I do not want to go for the moment into the differences that exist between the Report that is signed by all the members of the Commission and the views laid down in the note of dissent that has been recorded by the minority. Because, although one feels that there are some points on which a difference exists it cannot be denied and I am sure my Honourable colleagues on the Fiscal Commission here will bear me out when I say that so far as the fundamental question is concerned the Commission has come to a unanimous conclusion. I may also be permitted to say that in my opinion a few of my colleagues started with a bias in favour of a policy of free trade and after the examination of witnesses, after a perusal of the written evidence that was submitted to us, and after the deliberations that were carried on in our meetings, they came to the conclusion that, all said and done, the policy of protection was best suited to the interests of this country. It is to the credit, I think, of the Members of this House that even on this Commission, where members of both the Indian community and the European community worked together, not much difficulty was felt in deliberating this question of vital importance, round which so many controversies have raged in the past and that so far as the fundamental conclusion is concerned we were practically unanimous. The Commission has recommended that the policy of protection is best suited for this country and that this policy of protection should be applied with discrimination. The Commission examined the economic situation that exists in this country. The Commission found that the dependence of the mass of the people was too much on land. The Commission found also that the argument that if India went in for industrial development, it would be at the cost of agriculture, had no force in it, because the population that could be drawn for the purpose of industrial development assuming even that industrialisation went on at a very rapid pace, would not be so large as to affect the work of the agricultural population in any way, that considering that more men were now engaged in agriculture than it was necessary or wise for them to do, it would be a help to the agricultural population if members of their families devoted themselves to the work of industrial development in this country. Not only that. But the Commission also found that if a policy of protection were adopted, and if as a result of it the wealth that is now drawn away from the country would remain in the country, the country would be the richer for that, the country would then have better resources at its disposal to be used towards the furtherance of the irrigation policy which would ultimately go to increase the prosperity of the agricultural population. Incidentally the Commission found also that, apart from being a hindrance to the agricultural population, a policy of industrialisation would go a great way in placing at the disposal of the country resources

which could be used for the furtherance of the agricultural policy of this country; for, the object of the policy of protection and thereby encouraging industries in this country is mainly to keep the wealth of the country in the country itself. The wealth that is now being drawn away from the country by the necessity of importing from foreign countries manufactured articles and exporting from here raw materials which could be very well used for producing manufactured articles at much cheaper rates if a policy of industrialisation was adopted will remain in the country which would be the richer for that. At present what happens is that most of our manufactured articles are imported from foreign countries. Many of these articles are produced out of the raw materials that are exported from this country. The raw materials are the real wealth of the country, but the use of this real wealth of the country is made not by this country but by other countries, for these raw materials are sent back to this country in another shape; only the country has to pay a much larger price for these articles than the price the country received for the raw materials out of which these articles were manufactured and sent here. If we could by adopting a policy of reasoned protection encourage the industrial development of this country, we could make use of these raw materials here so as to save us all extra cost that we pay for the manufactured articles that are imported. We found that the only remedy for solving the economic problem of this country was to go in for a bold policy of industrialisation so as to keep the wealth of the country in the country itself and not to allow foreign countries to take the benefit of the abundance of raw materials and other conditions that are favourable to industrialisation which exist in this country. It is a fact, Sir, that India possesses a natural genius for industrial development, for, all those who have studied the ancient history of this country know full well that this country had never depended entirely on agriculture, that there were times when the industries of this country prospered, that there were times when the articles manufactured in this country were not only used by this country itself but were even exported outside this country. I admit that the invention of machinery was probably the first reason that hurt our trade outside this country, but to say that this country does not possess an industrial genius, which is the *sine qua non* of industrial development, is to show a complete ignorance of the facts of history. That this country possesses a natural industrial genius, and that it is rich in raw materials and other natural resources cannot be denied by any one who has studied even the Report of the Industrial Commission. That the country has also a large labour supply is a fact which is beyond question. As a matter of fact, I feel that it contains such a large labour supply that even if the attention of a fraction of our population was diverted by a policy of industrialisation to work in factories, it would bring about very good results indeed.

Another argument that has very often been used is that the capital of this country is shy. Now I admit that to a certain extent that argument does hold water. But why has the capital of this country been shy? Honourable Members will realise that the capital of this country has been shy not because that the people were not willing to invest in industrial enterprises, but because they had no confidence in the policy of the powers that be, because the policy that they dictated was not in the best interests of this country

but it was in the interests of other countries. Just consider for a moment what the situation was when a natural protection was afforded during the war. Was the capital of the country then shy? Has it not been the experience of all of us that in those days when an opportunity was offered by a natural protection given to this country by the war that capital could easily flow wherever there was need for starting industrial concerns? And if a stable policy and a more steady policy in the interests of this country were decided upon by the Government of this country, then I have not the slightest doubt in my mind, and I am sure Honourable Members will have no doubt whatsoever, that it will not be a difficult proposition to induce the people of this country to allow their capital to flow for the purpose of promoting industrial concerns. But apart from that, I am not one of those who shut out the possibilities of allowing foreign capital in this country for the purpose of helping the industries of this country. Under certain limitations imposed as a consequence of the concessions made in their favour by a tariff protection and other forms of protection, I should certainly welcome foreign capital to flow into this country for the purpose of building up the industries of this country. But I repeat that I would allow it only under certain limitations imposed by Government. So far as the question of concessions, licences, monopolies, contracts is concerned, the Government themselves have declared the policy of imposing certain limitations on foreign capital. I shall go a step further and impose those limitations even in the case of industries which are started and which are given tariff protection. But that is a matter of detail. My point is that every possible advantage that a country can possess for the purpose of industrial development exists in this country. All that is needed is to give an impetus by means of a policy of protection which will stimulate the people of this country to go in more and more for industry to the ultimate advantage of this country itself. Now, we have, therefore, recommended a policy of protection to be adopted by this country. But we were not blind to the dangers that necessarily accompany the adoption of such a policy. We had the opportunity to see that no country that can boast to-day of having industrially advanced has reached its present stage without at one time or another of its industrial development adopting a policy of protection. Look at Germany, look at America. We do not want to copy the example of the United States of America. The tariffs are too high there, I admit. But look at Germany. Look at England itself, which has risen from a policy of protection to be a free trade country when it was able to stand on its own legs and hold its own against other countries. But, even to-day, those of us that have read the discussions in the House of Commons on the safeguarding of Industries Act and the debate on the dye-stuff question, know full well that the policy of protection is still being resorted to by England where its interests conflict with the interests of other nations. Take the example of Japan. Mr. Montagu and Lord Chelmsford pointed out in their report that India always holds up the example of Japan, which, in our own times and having started on its industrial development long after we established our factories here, has reached a stage of industrial development by which it holds its own against other nations of the world. What is that due to? A policy of protection. A policy in which the Government and the people combine for the furtherance of the interests of their country. We have then

the example of other countries none of which has reached its present stage of industrial development without having resorted to the policy of protection at one time or another of its industrial development. But, as I said, we were alive to the dangers that would naturally accompany the adoption of such a policy and therefore we have provided safeguards in our recommendations which would minimise those dangers. For one has got to remember this, that, if this country after a period of continuance of the policy of free trade which has rendered it helpless and incomparably poor and miserable, if it adopted a policy of protection with a view to rapid industrialisation, although the ultimate gain to the country would be certain, the period of transition would be fraught with great dangers to this country, if proper safeguards were not provided in the recommendations of the Fiscal Commission. What would be the danger? The danger would be that it would unnecessarily raise the prices of articles of the necessities of life which ought to be made available to our poor countrymen at as cheap a rate as possible. Now, I admit that there is great force in this argument, and it is because I admit that, that, I think, the Fiscal Commission has provided safeguards against it. Take our present revenue tariff. No one who knows anything about the present revenue tariff can deny that the tariff rates are not quite low, that the necessity of larger revenues for meeting the heavy military expenditure of the country has forced the hands of the Government to resort to high revenue tariffs which do tell, I admit, on the pockets of the poor people of the country. But what an unscientific and arbitrary system of revenue tariff you have at the present moment. If you can adopt a policy of protection and replace this present arbitrary unscientific system by a scientific tariff system which would bring into the coffers of Government the revenues that they require for their legitimate purposes and at the same time go a great way in helping the industries of this country, then, it seems to me that it would be futile to deny that that policy should be acceptable to the Government and the people of this country. I hold that, if proper discrimination in the selection of industries were exercised, if proper discrimination was exercised in considering the claims of each industry by means of establishing a Tariff Board, as recommended unanimously by the Fiscal Commission, it would not be difficult to evolve a policy of protection with discrimination which would bring about prosperous results for this country, reducing to the minimum the burden that in the transitional period the people might have to bear as a result of the adoption of that policy. No one denies that in order to rise from the position of helpless dependence on other countries for manufactured articles to a position of self-containedness, one must pay a price. We do wish that that price should be as small as possible, that it should be reduced to the minimum that it is possible for us to reduce it to, and it is for that purpose that we have recommended that that policy should be applied with discrimination. There is a small difference here between the majority and the minority. Both recommend that the policy should be applied with discrimination. Both recommend that a Tariff Board should be constituted with a view to investigating the claims of various industries as they come before us. Both say that due regard should be paid to the conditions that are indicated in paragraph 97 of the Fiscal Commission's Report. But, while the majority in my opinion insists that those conditions

should be rigidly and for all time applied, the minority dissents there and says while these conditions may go on for the moment, it is not wise nor right to tie down the hands of the Tariff Board or of the Indian Legislature and the Government of India to a rigid and permanent application of these conditions. In the light of experience that we might gain in the course of a few years, it might be possible for us to say whether those conditions should be made more stringent; or as the minority think that the conditions should be less stringent when the people are prepared to bear a greater burden than they are at the present moment in a position to bear. It is no use, therefore, says the minority, to tie down the hands of the Government of India, the Tariff Board and the Indian Legislature to a rigid and permanent application of these conditions. But that is a matter of detail again. But so far as the policy of protection with discrimination is concerned, the Commission is unanimous on the point that that policy should be adopted by this country. There were other differences also between the majority and the minority. For instance, on the question of foreign capital, about which I have already spoken. The minority is anxious that the object with which protection is being adopted in this country should not be frustrated.

As a result of the recommendation made by the Joint Committee the Secretary of State has no longer that power, but the Government of India and the Indian Legislature now enjoy that power. The House will remember that in those old days Mr. Gokhale pointed out that he would have no hesitation in recommending a bold policy of protection if the application of that policy was in the hands of the Government of India itself. But, he said, as the situation stood then, it was entirely within the purview of the Secretary of State to direct the application of a policy of protection. In that case, he said, the danger would be that influential interests in the foreign countries would persuade the Secretary of State to give them all the benefit of the adoption of a policy of protection, thus perpetuating the grievance that we have, that the wealth of the country is driven in one form or other from this country to other countries. That danger no longer exists. As a result of the recommendation made by the Joint Committee the Secretary of State has no longer that power, but the Government of India and the Indian Legislature now enjoy that power.

Rao Bahadur T. Rangachariar (Madras City: Non-Muhammadian Urban): Not yet entirely so.

Mr. Jamnadas Dwarkadas: It was established by convention by the late Secretary of State when he refused to interfere at the request of the Manchester deputation with a conclusion that was reached by the Government of India and the Indian Legislature. I am sure the present Secretary of State will also respect that convention and respect the recommendation made by the Joint Committee. If it is not done, then I am afraid the policy laid down in the reforms will be futile and will create a good deal of suspicion in this country. I am not prepared for a moment to doubt the *bonâ fides* of the Secretary of State or of the Government of India so far as that policy is concerned. Now, the Government of India and the Indian Legislature will direct the application of that policy, and the danger that Mr. Gokhale thought existed then, no longer exists. But even then, if without imposing

any limitations or any conditions we gave the benefit of a policy of protection to foreign capital, we might probably be running into some danger of the wealth of this country being driven away into other countries as a result of the adoption of that policy. That is why on this question the minority would like to extend the application of those conditions which are accepted by the Government in certain instances also in the case of industries which are under tariff protection. Then there is another question dealt with by the Commission with which, for the present at any rate, we are not concerned, and that is the question of Imperial Preference. I am informed that a discussion on this subject, if at all it is raised, will be raised on a subsequent date. I am not concerned with that question for the moment at any rate. Then there is the question of excise. I don't think I need go into the question now.

I am sorry, Sir, if I have exceeded the time limit. I shall try to bring my remarks to a close. With regard to export duties the Commission has laid down that export duties should not be encouraged and that the policy of having any export duties should not be adopted by Government and the Indian Legislature, for that policy hurts the interests of the growers. We were anxious to see if we could get further benefit of a policy of protection by imposing export duties but we have unanimously come to the conclusion after deliberation that that policy cannot but hurt the interests of the growers in this country and, therefore, except in the case of a monopoly like jute, we have excluded from our recommendations the question of export duty, altogether. I have in the brief space of half an hour tried to place the case for protection.... I do not think so. I have tried to place the case for protection before the Honourable Members of this House. I have tried to be as fair as I possibly could. I have avoided all references to controversial questions because no useful purpose can be served by raking up memories of the past. I have only dealt with what the future is concerned and I believe that if we bury the dead past and decide to launch to-day upon a policy of reasoned protection which will help rapid industrialisation in this country, we shall have done a great service to the permanent interests of this country. Not only that. But having launched upon a policy of encouraging the growth of those industries which are considered the key and basic industries of this country as recommended by the Fiscal Commission, we shall have established in this country itself those resources which will be our real wealth for all time to come, and not only our wealth, but they will be of the greatest advantage to the Commonwealth in times of emergency. In the time of war the resources that exist will be of the greatest advantage to the Empire. So, a policy of reasoned protection applied with discrimination will not only further the interests of this country but will enable India to be a tower of strength to the British Commonwealth in times of difficulty. It is for the House to choose which policy it will adopt. The country has for years past demanded that a policy of protection alone could give rise to industrial concerns in this country and would help the establishment of industries in this country. It is for the House, as I say, now to decide. I should only like to remind the Government of India that the fear that the Secretary of State is likely to interfere must be allayed by them unmistakeably and in clear language. Whatever be the policy, let

that policy be decided not by any one who is not in this country but by those who are competent to decide it, namely, the Government of India and the Indian Legislature. I am convinced that this policy is in the interests of the masses of the country. I am not here to plead for the interests of a particular class or of a particular province. I am here to plead for the interests of the country as a whole and I want Honourable Members to remember that nothing should be more dear to them than the interests of the country, that the country is greater than the classes or the masses, and that every policy that is in the interests of the country should be resorted to without any reference to any class. Let me concentrate on one result that will be achieved by the adoption of a policy of protection. That result is that your country as a whole will be enriched, that the wealth that is now drawn away from your country will ever remain in this country, that your people will be prosperous, that your people will be rich, that your people will be happy and they will be more serviceable not only to this country but to the rest of the world by attaining to that position. I leave it to the House again as I say to adopt any policy that they like. The Commission never wanted industrialisation to be built on the shaky foundations of the poverty of the poor and the tremendous wealth of the rich. The Commission wanted that industries in this country should be built up on the solid foundation of the simultaneous growth of the prosperity of the classes as well as of the mass of the agricultural population and the labour population. It is because of that that the Commission has provided all those safeguards that are necessary in the adoption of the policy of protection. I commend this Resolution to your vote. If the House decides that the policy of protection should be accepted, then I think it will be a red letter day in the history of this House; it will be a red letter day in the history of this country for, from a period of helpless poverty, we shall have taken a step which will ultimately enable us to reach a position of equality with other nations, of prosperity and happiness within our own country. Sir, I move the Resolution.

The Honourable Mr. C. A. Innes (Commerce and Industries Member): Sir, I beg to move that for the original Resolution the following be substituted:

"That this Assembly recommends to the Governor General in Council:

- (a) that he accepts in principle the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India;
- (b) that in the application of the above principle of protection, regard must be had to the financial needs of the country and to the present dependence of the Government of India on import, export and excise duties for a large part of its revenue;
- (c) that the principle should be applied with discrimination, with due regard to the well-being of the community and subject to the safeguards suggested in paragraph 97 of the Report of the Fiscal Commission;
- (d) that in order that effect may be given to these recommendations, a Tariff Board should be constituted for a period not exceeding one year in the first instance, that such Tariff Board should be purely an investigating and advising body and should consist of not more than three members, one of whom should be a Government official, but with power, subject to the approval of the Government of India, to co-opt other members for particular inquiries."

Sir, may I begin with one preliminary remark? I do not propose to follow the example of Mr. Jamnadas Dwarkadas in his speech on the original

Resolution. I do not propose in any way to go into the controversial history of the past. If this amendment means anything at all, I am sure that the House will see that it means the wiping of the slate, that it rests for us to decide what the new writing on that slate should be. I entirely agree with the remarks of Mr. Jamnadas Dwarkadas made at the end of his speech that instead of occupying ourselves with the dead past we should concentrate on the future. And let me add one more remark. I do not propose again to follow Mr. Jamnadas Dwarkadas's example and I do not propose in any way to range at large over the field of the Fiscal Commission's recommendations. My purpose here is to put two practical questions to the Assembly. I want first to get a principle accepted, and secondly, to concert with the House measures to make that principle effective, and that, Sir, is the whole purpose of my amendment.

In moving that amendment, the Government feel, as I am sure this House realises, a heavy sense of responsibility. I will discuss later the exact implications of the terms in which my amendment is couched. For the moment, the point I wish to emphasise is that this amendment marks an epoch in the fiscal history of India. Hitherto, traditionally, our tariff has been a revenue tariff. I am free to admit that in recent years the character of the tariff has undergone a change. In the last year or two, under the stress of our financial needs we have travelled far from our old policy of a light uniform duty on almost every class of import. Our general rate of duty is no longer light, and there have been breaches in the principle of uniformity. The general rate of duty is 15 per cent. *ad valorem*. On some classes of import the rate of duty is as high as 30 per cent. On other classes it is as low as 2½ per cent., and yet on other classes, there is no import duty at all. It is perfectly true that, as the Fiscal Commission has pointed out, in the framing of a tariff which contains such high rates of duty and such a wide variety of rates considerations other than those of pure revenue must have entered and I do not deny that they have entered, but the fact remains that the Government of India have never yet consciously adhered to the principle of protection as an integral part of its tariff policy. That is why I say that this amendment of mine marks a fundamental change of policy. For the first time, the Government of India ask the Legislature to agree to the proposition that their tariff policy may legitimately be directed towards fostering the development of industries in India. Some people in this House may think that we have hedged round the principle with too many reservations and too many safeguards. I will come to that point later. But what I say now is that in a matter of this kind, the all important thing is the admission of the principle. It is the first step that counts. As I said, the Government feel a very heavy sense of responsibility in asking the Legislature to take this step. We owe it to ourselves and to the country that I should give a brief explanation of the main considerations which have weighed with us in coming to so momentous a conclusion. But it is not my purpose to enter into any elaborate, any lengthy or any abstruse economic argument. That part of the case has been fully dealt with in the Fiscal Commission's report and I am content to leave it at that. My feeling is that this debate in the Assembly to-day will lose half its value if we attempt to deal with this vast and complex subject except on the broadest and most general lines.

Now, Sir, let me be quite frank. Some of us, Members of Government, have not come to the conclusion embodied in this amendment without deep searchings of heart and without forebodings. However authoritative the report of the Fiscal Commission may be, that report cannot and does not relieve the Government of its responsibility in the matter, and some of us cannot help feeling that there is cause for anxiety. If the result of our policy is that development of industries which we all have so much at heart, that is all to the good. But let us look at the other side of the shield. I am not concerned at present with the more obscure dangers which seem to be inherent in a policy of protection. I refer to the danger of political corruption and the danger of the formation of trusts. Nor am I concerned with the danger that the only result of our policy may be the fostering up in India of inefficient industries. But what I am concerned with is this. Whatever may be the merits of a policy of protection, I do not think that there is any one in this Assembly who can stand up and say that the moment is entirely propitious for the inception of that policy. It is no use blinking facts. We have to take into account the state of affairs as it exists in the world around us and outside us. Half that world has tumbled into ruin. It no longer exists as a customer, and that means that the remaining countries, especially those countries whose prosperity is bound up with their export trade, must fight more desperately than ever for the markets which still remain open to them. Moreover, in those countries, the potential productive industrial capacity has increased enormously owing to intensive reorganisation and extension during the War. Now those countries are faced with the spectre of unemployment. The manufacturers are fighting with their backs to the wall merely to keep their works open and their men employed. The workmen are accepting reductions in wages. Owners are foregoing profits. Shareholders are going without dividends, and vast reserves of inherited skill, aptitude and efficiency are being mobilised all to one end, namely, the bringing down of the cost of production. That is one side of the picture. It shows the sort of competition that India has got to meet,—better directed, more intense, more efficient,—economically than ever before. On the other side there is India. India has still to organise most of her industries; she is in most of her industries confronted with that most difficult and most protracted of all tasks, the training up of a force of skilled efficient operatives. While that task is in progress the cost of production must be high, and that means that however carefully we may discriminate, the measure of protection necessary to ensure the end in view cannot be small. And that again means that *pro*

12 Noon.

tanto our policy of protection must increase the level of prices for the consumer generally and particularly for the agricultural and middle classes. There is no getting away from this fact. By discrimination we may mitigate the rise. But the fact remains, and it is so certain that I do not propose to argue it, that a policy of protection must mean an increase in prices in India. Now, I am well aware that many countries, most countries in fact, have gone in boldly for a policy of protection in spite of this disadvantage. But we are not considering the case of other countries. We are considering the case of India. We are not considering the case of countries with rich natural resources, with sparse or comparatively sparse populations and with a high standard of living

like the United States of America and like Dominions such as Canada and Australia. People of countries like that can no doubt pay the inevitable price that protection demands. They can no doubt stand up to a high level of prices and a high level of taxation. But in India we have a country of 300 millions. Two-thirds of that population are agriculturists. Most of them are poor and the standard of comfort is low. One thing, I think, is certain. If the agricultural classes which form the bulk of the population in India were able fully to grasp the issues involved in this question of free trade *versus* protection, and if they were able fully to bring their influence to bear upon this Assembly, I doubt very much whether this Assembly to-day would accept my amendment. I doubt indeed whether I should be putting that amendment forward. The agricultural classes in every country in the world, I think I may say this with confidence, stand to gain the least and lose the most by a policy of protection. But even if we leave the agricultural classes out of consideration is there anyone in this House who can view without alarm, having regard to the conditions of India, the prospect of a substantial rise of prices following upon the development of a policy of protection. It is easy to speak of measuring prospective gain against immediate loss. It is easy to say that India must be prepared for a sacrifice. But surely the experience of the last few years has demonstrated even to the most unobservant the effect of high prices not only upon the public finances of India but also upon political, social and economic conditions throughout the country. Let this House remember that high prices have added to the wages bill for the Public Services in the last few years, 9 crores of rupees. Let this House remember that high prices created a period of industrial unrest with all the vast economic loss that a period of industrial unrest involves, from which period we are only just emerging. I am aware that Chapter V of the Fiscal Commission's Report deals with this point, but naturally it weighs with peculiar gravity upon us, who are responsible for the Government of India.

Nevertheless we are prepared to accept the considered conclusion of the Fiscal Commission that on the whole the right policy to adopt is a policy of discriminating protection. The first point I have to make is this. I do not suppose that there is any country in the world where this question of free trade or protection has been decided on purely economic grounds. Some of you may have read Mr. Percy Ashley's book "Modern Tariff History." In that book he points out that even Lists' great work in which he developed the theory of infant industries and argued the need for protection to enable a country to pass from a purely agricultural state to a mixed agricultural and industrial state owed the widespread approval it received in Germany less to its economic argument than to the great political appeal it made to the necessity of maintaining, completing and strengthening German nationality. There is the same sentiment at work in India. On the one hand India aspires to Dominion status, that is to say, she aspires to political independence within the Empire. On the other hand she aspires to economic independence. She hopes that within the Empire she may be economically independent. And behind this national feeling there is the pressure of a real economic grievance. Every impartial observer views with sympathy, I think, the difficulty which confronts every middle class parent in India in finding a career for his son. The Indian parent hopes that industrial development

will increase the avenues of employment open to the educated Indian boy, and will open up more and more avenues which will bring that boy into contact with the hard practical realities of business life. Again the Government of India in the last few years has been doing its best to encourage industrial development, and we have long recognised that the introduction of the Reforms would mean a change in the fiscal policy of India. Lord Curzon gave public expression to this feeling in his speech in the debate in the House of Lords on the Government of India Bill, and it was with full knowledge of the trend of feeling in India that in 1921 we appointed the Indian Fiscal Commission. That Commission contained not only distinguished Indians but also distinguished Europeans. It contained three Presidents or past Presidents of important European Chambers of Commerce. It is quite true that there was a difference of opinion. There was a minority report as well as a majority report. But I am not concerned at present with the differences in the Commission. What I am concerned with is the fact that the Commission was unanimous in recommending that a policy of protection was the right policy for India. That, Sir, is a very remarkable fact and naturally it is a fact which has weighed very greatly with the Government of India. And finally as Mr. Jamnadas Dwarkadas has pointed out the issue to-day is not a clear cut issue between a policy of protection and a policy of free trade. The stress of events has forced our revenue tariff to a point where it is no longer a pure revenue tariff, and the choice that lies before us to-day is the choice between a tariff with arbitrary protective effects, irregular in its action and with no certainty of continuity, and an attempt to regularise the position by remodelling that tariff, in part at any rate, on frankly protectionist lines. That is to say the logic of events has reinforced the pressure of public opinion, and that is why we have acquiesced in the policy which this amendment seeks to get accepted to-day.

I come now to my amendment. I am free to admit that it differs little in form from Mr. Jamnadas' Resolution. But I have thought it only right and only honest that I should explain clearly what is in the minds of the Government of India. Briefly our position is this. We agree in principle to protection. We make it clear that the principle must be applied cautiously and with discrimination, and we accept the unanimous recommendation of the Commission that before the principle is applied in concrete cases there must be a previous preliminary investigation by an authoritative impartial advisory board.

I will now take the clauses of the amendment in detail. Clause (a) needs no remark on my part. It accepts the principle of protection. Clause (b) makes it clear that in the application of this principle of protection regard must be had to the financial needs of the country and to our present dependence on import, export and excise duties for a large part of our revenue. Partly this clause is intended to make it clear that we must take our financial situation into account in considering certain specific recommendations of the Fiscal Commission in regard to export duties, certain classes of import duties, cotton excise and the like. The House will remember that the Fiscal Commission has recommended that two export duties, the export duties on hides and tea, should be taken off altogether; it has recommended that

the cotton excise duty should go and it has recommended also that no import duty at all should be collected on machinery and on certain classes of imports, such as raw materials for Indian industries, copra and sulphur being cases in point. And it has recommended also that in certain classes of industries the most suitable form of assistance is bounties. These recommendations involve either a direct sacrifice of revenue or direct expenditure on the part of the Government of India, and I think that it will be clear to every one that, in considering recommendations of this kind, we must take careful note of the state of our finances. Partly again, the clause is intended to mark the need for caution in whatever advances we make. The House knows the importance of customs receipts in our Central revenues. Certain figures have been given in paragraph 25 of the Fiscal Commission's report; they are not quite correct, but I will give only the salient figures. In 1913-14 Customs revenues accounted for 13·7 of the total receipts of the Government of India; in the current year we have budgeted for a net Customs revenue of 45·41 crores of rupees, that is, 34 per cent. of our total revenues. Moreover, our basis of taxation is narrow, and I think that most people here will agree that we are perilously near the limit. It is true that retrenchment may enable us to reduce our expenditure at a price; on the other hand, we have over 9 crores of provincial contributions which we are pledged to reduce and ultimately to abolish. I do not wish to make too much of this point. After all, one of the main advantages claimed for a policy of protection is that industrial development will add ultimately to the wealth, and, therefore, to the taxable capacity, of the people. My point is that the transition period must be difficult, and that we must always keep in view the danger of disorganising the public finances by too rapid and too violent action. Sir, it would have been easy for me to omit all reference to the financial situation. After all, we are concerned to-day only with the principle of protection, and it would have been easy for me to omit all reference to the fact that the financial situation may operate as a brake on the application of that policy. But, Sir, the fact stares us in the face, and would it be honest for a responsible Government and for a responsible Legislature to shut its eyes to that fact?

I now come to the third clause, Sir, and, here again, I do not propose to say much. After what I have said, every one in the House will, I think, agree in the unanimous recommendation of the Commission that the principle of protection must be applied with discrimination, and, if we admit that discrimination must be exercised, I cannot think of any better criterion than a criterion based upon the well-known economic doctrine of comparative advantage. After all, what does it mean? It merely means this that we should concentrate our efforts on those directions where effort is most likely to prove fruitful of good to India.

In some ways the last clause of my amendment is the most important of all. The House will have noticed that I have made little mention of the difference between the majority and the minority reports. I have done so deliberately. I have not occupied myself with the question, as it was put to me, whether our protection should be protection with a big P or protection with a little p. The point to fasten on is that the Commission unanimously agreed in the recommendation that a policy of protection should be adopted

and, whether we agree with the majority or whether we agree with the minority, it must be clear to all of us that the operative part of both reports is the Tariff Board. From the nature of the case both the reports deal mainly with generalities, and the one main, concrete, proposal made is that a Tariff Board should be appointed. Now, if I have carried the House with me so far, I think they will agree with me that, having accepted the principle of protection, the next step must be to decide what industries need and deserve protection and what kind or measure of protection they should get. There is, of course, a third question. There is the question whether we can afford to give the measure of protection recommended. That will ultimately need the decision of the Government and the Assembly, though even in the preliminary investigation it must be borne in mind. For the investigation of these first two questions, we agree with the Commission that what it calls a Tariff Board must be appointed. We feel that in questions of this kind a more detailed investigation is necessary than a Government Department can undertake, and, moreover, an investigation of a different kind. In many cases the interests of more than one industry will be affected; in many cases again there will be what the Fiscal Commission calls a conflict of interests. Each and every industry affected must be given a hearing, and that is why we think some kind of Board is necessary. It is quite clear, I think, that the duties of this Board must be purely of an investigating and advisory nature, as indeed the Fiscal Commission recommends. So far the matter seems clear enough, but there are many difficulties. The first question is whether the Board should be a permanent Board or a temporary Board. Now, I am quite prepared to admit that, if our policy is successful, we may require, if not a permanent Board, at any rate a Board for a long period of years. For industries tend to beget industries; but there are obvious dangers in a permanent Board. It may become an incubus rather than a help. Even in the United States of America the Tariff Commission at one time tended to become merely a sort of glorified Commercial Intelligence Department, very useful no doubt, but entirely beyond the resources of India at present. We think that the wisest course is to create a Board for one year in the first instance on an experimental basis. At the end of that year we can take stock of the position. We can see how the Board has worked; whether it needs alteration; we can decide whether to expand it or modify it, or whether to abolish it altogether and try some other expedient. That is to say, we follow the Australian precedent rather than the American precedent. Australia began by appointing its Board for two years in the first instance. We are in favour of this course for another reason. It assists in the solution of two other difficult questions, one the constitution of the Board and the other the exact relationship of the Board *vis-à-vis* the Government of India. I take the constitution first. I am aware that the minority report recommends that of the three Members of the Board two should be elected by the Indian Legislature, but I hope the House will agree with me that it is quite impossible for the Government to accept this suggestion. If we accept responsibility for a policy of protection, and, if we appoint a Tariff Board in order to help us in working out that policy, we must also accept responsibility for the constitution of the Board. What is the main essential of the Board which shall play such an important part in the working out of our policy? It is

this. We must be able to rely on the Board for a perfectly impartial investigation of all relevant facts before it makes its recommendations. That is the first essential. The Board must be entirely impartial. No extraneous considerations of any kind must enter into its composition; and that is why I hope the House will not think that I am casting any reflection upon the Indian Legislature if I say that the Government feel that they must retain in their own hands the duty, or rather the responsibility, of appointing this Board. They cannot delegate that duty to anyone. They cannot trust to election even by the Indian Legislature.

Then again we have had some difficulty as regards the exact relationship of the Board to Government. If the House agrees that we should adhere to a policy of protection, then I am sure that it will also agree that we should take steps at once to make that policy effective and make it effective as rapidly as we can. That is to say—and I have particular reasons for this—I should like to set up the Tariff Board at once, and I should like to make such arrangements as will enable us to get quick decisions upon the recommendations of the Board. That is why, again following the Australian precedent, we have proposed that one member of the Board should be an official of Government. He is not intended to represent the interests of Government as if those interests were in any way divergent from the interests of the country. I hope I have made it clear to-day, in this speech of mine, that in this matter our interests and the interests of the country are, we hope, entirely identical. (Hear, hear.) The Board will be empowered to investigate the question which industries deserve protection and what measure and kind of protection is needed. In framing its recommendations it will of course have to bear practical considerations in mind. It will have to try to frame such recommendations as can be accepted and as are practicable. Now that is why we think it advisable to have one of the members an officer of Government. He will act as a Liaison Officer between the Board and the Government. He will assist not only in keeping in touch with the officers of Government but he will assist in formulating recommendations. If we have a Board which is entirely independent of Government, what will be the result? We shall get its recommendations. There will be three departments of the Government of India which will be concerned—the Department of Commerce, the Department of Industries and the Department of Finance. The usual lengthy noting, which is a feature of the Government of India system, will go on. There may be disputes. The cases will then have to go to Council, and there will be inevitable delay. That is the reason for our proposal. We hope that in this way, by this device, we shall be able to get a quicker and an earlier decision upon the recommendations of the Board.

Sir, I am afraid that I have detained the House for a very long time; and even so I fear that I have been able to touch only the fringe of a very big and a very difficult subject. In our view the first essential in dealing with the recommendations of this very important Report is to get a decision on the question whether the policy of protection should be accepted, and, if so, whether or not immediate steps should be taken to get that policy made effective. It is for these reasons that I have concentrated on these two main points. I quite admit that there are other important recommenda-

tions in the Fiscal Committee's Report and those recommendations will receive full consideration in due course. But it seemed to us to be useless to proceed to the consideration of those recommendations until we had got a decision on the main question of principle. Some people in this House may think that even on the main question of policy we have made only a grudging advance in the direction in which the House wants us to go. But I am sure on reflection the House will not endorse that opinion. We are dealing with a matter of vital importance. Our decision must have the most momentous consequences for the people of this country. In deference to what we know to be the strong feeling in this country, and for other reasons which I have explained, we are prepared to adopt a policy of protection. We accept the unanimous view of the Fiscal Commission that the principle must be applied with discrimination, and we are ready at once to set up the machinery which is necessary for the application of the principle. I hope the House will realise that we have done our best to identify ourselves with the aspirations which we know to be common in this country. (Hear, hear.) But I am also confident that the House will recognise that a Government, placed as we are, are entitled, in dealing with this important question, to lay it down that the only safe and prudent course is to proceed with a proper measure of caution.

Sir, I commend my amendment to the House. (Hear, hear.)

Mr. Jamnadas Dwarkadas : Sir, there is only one difficulty with regard to (c). I thought the Honourable Mr. Innes read : "with due regard to the well-being of the community and to the safeguards suggested," not "subject to the safeguards suggested" as printed on the paper.

Mr. President : Does the Honourable Member accept that?

The Honourable Mr. C. A. Innes : Yes, Sir, I am prepared to accept that in clause (c) of my amendment the words "subject" be omitted.

The proposed amendment was adopted.

Sir Campbell Rhodes (Bengal : European) : Sir, as representing what may be called the other wing of the Fiscal Commission, I have very much pleasure in supporting the general conclusions at which my Honourable friend and colleague, Mr. Jamnadas Dwarkadas, has arrived in his Resolution. It is quite true we arrived by different paths. He chose the pleasant field path of national idealism which lies, I am afraid, sometimes very close to the quagmires of political and racial hatred. [*Mr. Jamnadas Dwarkadas* (and other Honourable Members) : "No, no."] Whilst I travelled along the hard, dusty high road of plain economic truth, and therefore, Sir, I must be forgiven if perhaps I raise a little dust. I think one thing can be said of our Report, that it was an honest report; that we started with no preconceived ideas. We did not try to make out a case. Whenever we found a difficulty, whenever we found an argument against the conclusions at which we eventually arrived, we frankly put it down and therefore in our report, I think, are contained all the *pros* and *cons* of the question. I am in a little difficulty, Sir, as to whether I should support the proposal of my Honourable friend, or the amendment which has been put forward. At their annual meeting in January, the Associated Chambers of Commerce in Calcutta, over which I had the honour to preside, passed a Resolution, which has not yet been published, by

an overwhelming majority—I think one Chamber only dissenting—very much on the lines of the amendment moved by the Honourable Mr. Innes, and therefore it is best perhaps that I should incline to the amendment. Well, Sir, what are the reasons which caused this wonderful unanimity in our general conclusions? We have been criticised both here and in other countries; but one criticism has never been directed against us, that we were a happy family playing at follow-my-leader. Mr. Jamnadas has referred to the cloud of witnesses. Well, some of those witnesses, Sir, were not helpful. National aspirations for self-determination and for self-development are admirable; but many of our witnesses seemed to think that because a thing was right for England it must therefore be wrong for India, and some of them seemed to think that in order to benefit India you must injure England. I do not think those arguments impressed us. A somewhat similar class of argument exists in England also. England has always laboured honestly under the impression that if a thing was right for England it must therefore be right for India; and in that, I think, lies a great fallacy. Mr. Innes has put his finger on the spot in this matter of unanimity. We did not find a clean slate. Had we done so, those who had preconceived notions of free trade might have tried to elaborate a free trade policy for India. We have not got that at the present time. We have a haphazard protection masquerading in the form of free trade. In all the criticisms by what I may call the whole-hog free trader since that report was published, I have seen no constructive criticism as to how we should have proceeded to produce a real free trade system for India as it exists, and I think rightly exists, for England. England depends for its revenue chiefly on direct taxation. Direct taxation in India can take two forms, one from the limited number of the wealthy from which sufficient revenue could not possibly be got; and the other by an increase in some of the existing direct taxation; for, obviously you cannot collect direct taxation of four annas or eight annas per head from the masses of the people. That means land taxes, and I think the Commission were convinced, whatever the rights or wrongs of increasing land taxation might be, that it was a physical impossibility to do so. In regard to import duties England is careful to keep her import duties confined to a few commodities which not only are not produced in England but cannot be. If we look through the import list of goods coming into India, I think we could claim that, theoretically at least, practically everything that comes in could be manufactured in this country and therefore a logical free trader would have to put excise duties not only on all local manufactures but threaten to put excise duties equivalent to our import duties on everything that came into the country so as to warn local manufacturers that they must not start industries under the protection of these revenue duties. We have thus not had the advantage of free trade to which I shall refer in one moment. We have not had the advantages of protection. As was pointed out by two very able witnesses, Mr. Shakespeare of Cawnpore and our Honourable friend, Captain Sassoon of Bombay, these high revenue duties were of no advantage as long as there was no security. They were sufficiently high to protect but there was no security and therefore the whole of the advantage that might be derived from these duties was lost. I consider these duties at present are high enough for the class of protection with which India should experiment. Mr. Jamnadas advocated self-contained

India. I know it is a popular ideal. He says it would be a great stand-by in time of famine. Has Mr. Jamnadas ever heard of that happy island in the Pacific where the people gain a precarious living by taking in each other's washing? What will happen in a famine year if we are self-contained? The food supplies will fall off; you have a big industrial population to feed; the industrial population depend for their custom on the agriculturists and so by the process of taking in each other's washing Mr. Jamnadas hopes the country will thrive. I must warn Mr. Jamnadas' colleagues from Bombay that if that is the vision before you your mills will immediately stop working, for the demand for clothing will be satisfied not by Bombay but by Bengal. The country will then need to clothe itself only in sack cloth and ashes. I am not one of those who are so very pessimistic of the progress so far made. Industrial progress hitherto, in large factories at least, has been confined mainly to the temperate zones; we call them temperate but the real facts is that the rigours of the climate drive people to choose indoor occupations. Now, India stands alone; it is not only the foremost industrial country in the tropics, but is the only industrial country in the tropics. I admit the pace has not been fast enough, but I think it is wrong to overstate our case and say that there has been no progress whatsoever. I think that would be a reflection not only on the Scotchmen in Calcutta but on my Indian friends in Bombay and elsewhere. The Honourable Mr. Innes has drawn attention to the fact that this is an inopportune time to start a protectionist policy. I agree in a certain measure, but every business man knows that it is in times of dull trade that you put your house in order so as to be ready when good trade comes; and in that sense I think this is the most opportune time to make a start. Mr. Jamnadas has mentioned the controversy between India and Lancashire or, as I would rather say, between Bombay and Lancashire, because the Punjab, Bihar and Bengal have never had any quarrel with Lancashire. (*A Voice*: "They are beginning to have.") I do hope that after this debate to-day one fact will emerge, that we agree to bury, and that our Resolution will bury, this old animosity. (*Hear, hear.*) (*A Voice*: "Let Lancashire follow suit.") I have put my signature in this Report to that Chapter which recounts that regrettable history, let us be frank, of the interference of Lancashire with India's self-determination. But we must also remember that Lancashire has always been in the forefront of all political efforts of nations all over the world including India, to develop self-Government and it is pathetic that, owing to the fact that she supported the Reform Scheme in India, she is the first in a measure to suffer. At the same time, I am not prepared to believe that there is any real conflict between the two. Bengal requires double the amount of cloth than she uses now. She has a limited amount of money to spend on cloth, and as has been pointed out in the Dissenting Minute, in a quotation from a speech which I made in this House, 10 yards per annum per body is not sufficient. We therefore require all that Bombay and Lancashire can give us, and we also, I think, have a right of speaking for the people of Bengal, to buy what clothes suit us best. Therefore, when we get that Tariff Board at work, we shall find the conflict is not between Bombay and Lancashire, for I would draw Honourable Member's attention to that very illuminating sentence in our Report which says that "if we get rid of this conflict between Bombay and Lancashire, the Tariff Board will then be in a position to decide

the real point at issue, and it will no longer be a matter between Bombay and Lancashire but between the Indian producer and the Indian consumer." There will, therefore, be conflict. There will be if we establish protection, a desire on the part of the manufacturer to consider his interests perhaps before those of the consumer. That has been so in all countries, and it will be no greater in this country; it may even be less. My Honourable friend Mr. Townsend, will remember when he and I some years ago went down to Bombay to arrange standard cloth for the poor of Punjab, Bihar and Bengal, that we met with a most sympathetic response from the Bombay Mill owners, and I am still grateful for what happened in the budget debate last year when they supported my amendment for the reduction of the import duty. I do not know what secrets are locked up in the breast of the Honourable the Finance Member, but I can let out one secret that, if he proposes to put up the duty this year, there will be at least one vote in the lobby against him. It is this possible conflict of interest between province and province, between industry and agriculture, between industry and industry, which has caused us to recommend in the best interests of India that the adoption of a policy of protection should be applied with discrimination along the lines of our Report. We do not recommend a rash and reckless plan of protection, for we believe that that way leads to disaster. We do not recommend the present haphazard system of protection masquerading under the guise of free trade. We do not recommend that our policy should be settled for us by any one outside this country. (Hear, hear.) We recommend protection not only of the interests of our industries but of the interests of the agriculturist. We recommend protection, by the exercise of wise discrimination, of the consumer. If I may misquote in conclusion a famous democrat, I would say that we have recommended protection of the interests of the people in this land, by the people in this land, and for the people in this land.

Mr. C. A. H. Townsend (Punjab : Nominated Official) : I regret, Sir, to have to turn this debate to a provincial aspect, despite what the Honourable Mr. Innes said, but I come from the Punjab and the views which I am about to put forward represent, I think, not only the views of a great number of people in that province but perhaps also those of other agriculturists in other parts of India. Now, Sir, the Punjab is and must continue for very many years, so far as I can see, even under protection, to be an agricultural and not an industrial province, and to put it briefly, many of us think that under a policy of even discriminating protection, however much you may discriminate it, we will certainly suffer, at any rate, for very many years to come. The great majority of our Punjab people are agriculturists; pure and simple. We have but few minerals, no cheap waterways to help our transport, and practically no coal : practically all the coal we use has to be brought many hundreds of miles by rail from the Bengal coalfields, and costs at least Rs. 5 per ton more in Lahore than in Cawnpore owing to the longer railway journey.

The Punjab generally exports raw materials and imports manufactured articles. On the average of the last five years I find that no less than 84 per cent. of Punjab exports—not all to foreign countries—consisted of raw materials, and 66 per cent. of our imports was manufactured articles. Of the balance much was food for our cattle. And, Sir, despite what the Honour-

able Mover said on the subject, labour in the province, both skilled and unskilled, is both scarce and dear, and costs more than in the neighbouring United Provinces, thereby placing us at an additional disadvantage compared with it from the industrial point of view. Nor will our difficulties in this matter get less, when the large tracts of the country which will be irrigated by the Sutlej Canals, now under construction, come under cultivation. Whatever degree of protection, Sir, may be introduced, I can never visualise the sandy tracts of Mianwali or Multan or the arid country lying to the south of the Sutlej as industrialised. Again, Sir, as Mr. Calvert, the Registrar of Co-operative Societies in the Punjab, points out in his book "The Wealth and Welfare of the Punjab," to which I am indebted for much of what I say this morning,—we are handicapped in this matter by our geographical position. Assume industries to become successfully established in the province, where are we to find a market for our manufactures? The Punjab is bounded on three sides by countries which offer no market for its products. Kashmir, Ladakh and Tibet lie on the north, on the west Afghanistan and Baluchistan, on the south Rajputana, sparsely populated and undeveloped. None of these regions have sufficient population to make them satisfactory markets for our manufactured goods. It is often said that an ounce of fact is worth a ton of theory. Well, here is an ounce of fact. During the war, one of the few Cotton Weaving and Spinning Mills in the Punjab came into the market. It was purchased lock, stock and barrel, by a firm in Bombay. Instead of using the factory, as it was, in the Punjab, the purchasers found it to their advantage to remove all the machinery of the mill at very considerable expense to Bombay, where it was, I understand, used in a new mill, and the shell of the building is still standing, a sad monument to Punjab industries, decaying and unused. Briefly, Sir, many people in the Punjab fear that a policy of protection for India will only impoverish the agriculturists who form the great majority of our people at the expense of those parts of India which are already manufacturing centres, as Bombay and Calcutta. During the war, Sir, the industries situated at those places had in effect, as Mr. Jamnadas Dwarkadas said, protection. I hold in my hand a well-known commercial paper and, glancing down the dividends paid by the Bombay Cotton Mills for the years 1918—1921, I see the figures of 50, 60 and even 100 per cent. Now, in the Punjab, Sir, during those years, cotton cloth and yarn, much of which came from Bombay, went up nearly 100 per cent. in price. Mr. Jamnadas Dwarkadas did not mention, I notice, this point when he discussed the effect of the war on Indian industries.

In this connection, I might criticise incidentally the personnel of the Fiscal Commission. I do not know if I am in order in doing so. It was composed of eminent men, but the eminence of, at any rate, the great majority of them was that of either successful business men or professors of economics. No one of them, I think, had attained any great eminence as a "consumer," though I readily admit it is not easy to find a "consumer" such as I would like to find in this connection. Punjab agriculture, and agriculture generally in India, asks for free trade, whatever industries ask for. The great majority of our people wish to import what they require free of duty and also they ask that no restrictions should be placed on the export of their products, which are, as I have said, generally raw materials, though of course we would not

object to a very small cess designed to help our agriculture as the proposed cotton cess. It is true, Sir, that the Commission decisively pronounced itself against any policy of export duties on food grains. For this relief much thanks. But experience in all protected countries of the world shows that a policy of high protection on imported goods eventually has the effect of reducing the prices that other countries are willing to pay for the exports of protected countries, and it is possible that in the long run our Punjab exports of raw materials may suffer in this way.

Before I conclude, Sir, I wish to say a few words on the question of protection for India as a whole. The example of America as a country which has successfully adopted protection is often quoted in India. Well, Sir, let us see what Professor Taussig, an American Professor of Economics, whom the Commission itself calls distinguished, has to say on the subject. After discussing in detail the *pros* and *cons* of the relative advantages and disadvantages of protection to the United States, he comes to the considered conclusion—I quote his own words—“that there probably remains a heavy debit balance against protection.”

Mr. Jammadas has quoted, approvingly, the example of Japan in this matter and has urged India to follow the example of that country. Well, Sir, let me give him an extract from Mr. Calvert's book to show how Japanese industries have been faring recently :

“The expansion of industries in Japan in recent years was abnormal and unhealthy. In 1919, for example, there were erected 2,700 factories, involving a capital of 522 million yen, but depression set in and a great slump in business followed, and many failures ensued. The unbridled speculation and wild company promotion led inevitably to severe reaction. In the single month of June 1920 no less than 134 Joint Stock Companies went into liquidation.”

There is, Sir, all through India a wide belief that the mere introduction of protection in India will, *ipso facto*, cause industries to spring up on a large scale all over the country : that there is in the mere word a charm, as in Abracadabra. Believe me, Sir, never was a greater mistake made, so far at any rate as the agricultural provinces of India are concerned. Of the three tests laid down by the Tariff Commission which industries claiming protection must face, the third test is infinitely the most important. It is that the industry to be protected must be one which will eventually be able to face world competition without protection. The last few words are all important. The intention is that the protection given should in no case last for ever. Professor Taussig calls this test the decisive test. Well, Sir, experience all over the world shows how difficult it is, once protected duties are imposed, to take them off ; each protected industry, when a proposal is made to remove protection from it, sets up a howl. Professor Taussig says :

“We are told in the same breath that prices have been brought down and a flourishing industry brought to maturity, but at the same time, that the duties must not be touched.”

Particularly from this point of view, but indeed generally, I do not envy the proposed Tariff Board in the discharge of its duties. What is said on the subject by another distinguished American Economist is in point. He says :

“Protection involves political corruption on a gigantic scale. One has but to witness the scenes in and about the Committee room when a tariff is being framed in the United States to realise that there exists no more potent engine of political demoralisation : section is pitted against section, interest against interest, and business against business ; and the final decisions arrived at are only the results of log-rolling and a series of unholy alliances.”

why this method is preferred is, in the first place, that the burden which is thrown on the people is indirect. The poor people, especially the illiterate people, cannot see that they are contributing towards the building up of the industry. The Industrial Commission knew very well that if they had proposed that the industries in this country should be developed not by indirect taxation but by direct taxation, the Legislative Assembly would not have accepted that principle. The industrialists want that the people on whom the burden falls should not know that they are bearing the burden.

Mr. Jamnadas Dwarkadas : Has the Commission claimed that ?

Mr. N. M. Joshi : Sir, I am asked whether the Commission has claimed that or not. I am explaining what people, when they advocate protection, have in their minds, and I feel that this is in their minds whenever they advocate high import duties instead of advocating direct contribution to the industry. Sir, there is a second advantage to the industrialist in having protection by means of a high tariff wall, and that is that he is free of all Government intervention. If an industry wants protection or is given protection by direct method, Government will insist upon intervening in its affairs. Take the case of Railways. Government guaranteed interest to the Railway Companies, but then when Government guaranteed interest, they kept to themselves the right of intervening in the affairs of the Companies. Therefore the industrialists do not generally like that the assistance to be given to them should be direct. They generally prefer assistance which takes an indirect form, which leaves them free to do what they like. The third argument that may be urged in favour of a tariff wall instead of direct assistance to the industry is that the collection charges of indirect taxes are not so large as the collection charges of direct taxes. Sir, this is a matter of proof. My Honourable friend, Mr. Innes, will tell the House how we stand in the matter. But even admitting that the collection charges of direct taxes are a little higher, is it right that we should throw away all the advantages of direct taxation and accept a method of assisting industries which contains several dangers which have been admitted by every speaker who has spoken up to this time ? We have seen the advantages. They are not many. But there are great disadvantages in the method of protecting industries by means of a high tariff wall. Let us suppose for the sake of argument that a high tariff wall is necessary. A large amount of money will be thrown into the pockets of the industrialists by a high tariff wall. But what is the guarantee that the money thrown into the pockets of the industrialists by that means will be spent for the development of the industries ? Sir, it will not be very uncharitable if I say that at least some part of that money will be spent on the luxuries of the industrialists themselves. Will they not spend part of the money for their motor cars, for hiring half a dozen palaces and for purchasing race horses ? Sir, the money for all their luxuries will come out of the money which will be placed in their hands by means of protection. Therefore, let the House be sure that when you put money into the pockets of the industrialists with the intention that the industries should be developed, at least all that money will not be spent for the development of the industries, but a great part of it will be spent for the luxuries of the industrialists. There is another disadvantage in giving protection to the industry by means of a high tariff wall, and it is

this. If you give help to an industry by means of a high tariff wall, you cannot discriminate between a good industrialist and a bad industrialist. A good industrialist may spend all the money that he gets in developing the industry but a bad industrialist will not so spend that money. This is a great disadvantage. But we can discriminate between a deserving industrialist and an undeserving one by giving direct help to the industries. But, Sir, the main disadvantage of a high tariff wall, which has been mentioned both by the Honourable Mr. Innes and the Honourable Mr. Rhodes is high prices. Sir, the high prices have to be borne by the poor people in larger proportion to their income than the richer classes. Nobody will say here that if you have got a tariff wall on articles such as cloth, the poor man will not suffer more in proportion to his income than the rich man. The poor man pays on cloth more in proportion to his income than the rich man pays. This fact is absolutely clear. Therefore, a high tariff wall on necessities of life can never be just. It falls unjustly on the poor man. I am not saying that the poor man should not pay at all. But nobody will also say that the poor man should pay more in proportion to his capacity to pay than the rich man. This is the greatest disadvantage of the method of protecting an industry by means of a high tariff wall. Sir, I know there are people—I do not know whether they are here or not, but I have met them several times—who say “where is the harm? Is it not the duty of the people of this country to support the industry? Is it not our duty to support Bombay as against Lancashire?” Sir, I can appreciate the sentiment of patriotism, and I also know that the poor people of this country have got some patriotism. But should your patriotism be only confined to the poorer class? If industry is to be developed at the cost of the poor people, can it not be developed at the cost of the wealthy? Sir, I have read through the report (of the Fiscal Commission). I have read through the majority's recommendations as well as every line of the recommendations of the minority—the patriotic minority. But I have not found one sentence there appealing to the wealthier class to spend their wealth not in luxury but in developing industries. Sir, I have not seen one appeal to the richer class there asking them to develop the industries, even if it were necessary for them to suffer loss for the developing of industries. On the contrary, it has been said that our capital is shy, capital requires encouragement. It is, therefore, clear that the Indian capitalist is not sufficiently patriotic. If the Indian capitalist is patriotic he will not be shy to invest his capital in a national industry, the capital will come forth even if there are losses. Therefore, when people talk of patriotism, what they mean is that that patriotism should be shown by the poorer classes and not by the richer classes. The richer classes require temptation, encouragement in order that they should put their money into industries. But, Sir, some people say “Do you not want industries?” Suppose we cannot develop industries without putting even an unjustifiable burden upon the poorer people. Sir I do not wish to answer that question. I only say that these are not the only two alternatives. If these are the only two alternatives, namely, either not to develop industries at all, or to develop industries by putting a burden, an unjustifiable burden upon the poorer classes, then I do not know what would be my answer. I shall think then. But I believe there is a third alternative. You can protect your industries without putting an unjustifiable burden, at

least without putting a disproportionately high burden upon the poorer classes, and that method, is to assist the industries by means of direct assistance. Give any kind of direct assistance, I shall not object. If there is direct assistance, naturally in the first place, that assistance could be given only to those industries that are deserving. It will be given only to those industrialists who deserve, who do not spend their money in luxuries and whose industries do not suffer losses on account of mismanagement. Sir, it may be said, "If you give direct assistance to the industries, how are the taxes to be collected, how is the money to come? That money will be collected by indirect taxation." Sir, it is true that the amount of direct contribution may have been obtained by indirect taxation. I do not approve of indirect taxation, but even if the taxation is indirect if you give direct help there is the pressure of public opinion. The public will know what person is being helped with the public money, and the public will exact that that industrialist is careful in managing the industry. That is the great advantage. The whole industry will be under the criticism of the public of this country who pay towards that industry.

Then, Sir, as regards the State management of industry, this is one of the methods which has been recommended not by me alone but by the Industrial Commission itself. The Industrial Commission has said that under certain circumstances it is necessary for Government to pioneer a new industry.

Mr. President : Order, order. That is not strictly in order under this Resolution.

Mr. N. M. Joshi : I do not wish to speak on this subject alone. As a matter of fact, it is not necessary for me to dilate on the advantages of State management.

Mr. President : Not necessary ! It is not *possible*.

Mr. N. M. Joshi : I only content myself by saying that a high tariff wall is not the only method of protecting an industry. An industry can be protected by the State managing the industry. This has been done not only in this country but outside, and as a matter of fact the advantages of that method will be explained to this House not by a theoretical man like myself, but by experienced industrialists like my Honourable friends Mr. Jamnadas Dwarkadas, and Mr. Kamat, when the question of the management of State railways comes before this House. Therefore, I do not propose to speak about the advantages of that method.

But, Sir, there is one more point on which I should like to speak and it is this. My Honourable friend, Mr. Jamnadas Dwarkadas, said that there are dangers in protection. He admitted that. Unfortunately he did not mention them, but I propose to mention them only in a few words. Those people who want to know the dangers of industrialism should visit the slums of Bombay. That beautiful island given by Nature to this country has been turned into a hell by the industrialists. (*A Voice :* "Are you against industrialism?") Is it not necessary if we want to develop our industries to take precautions that more such hells are not created in this country? Then again take the question of people who leave their villages and go into cities. People in villages have got the joint family system. If any one of them is ill, he is

after by his relatives, by his neighbours. If he is old, his son, his grandson. . . . I am only pointing out the dangers of protection. It is true that these dangers may take place where there is no protection, but here we are advocating protection in order that industries should develop very fast, and there is the greater danger of these evils arising when you are developing industries very fast. As a matter of fact, all the slums in Bombay are due to the fact that the industries developed very fast without giving sufficient time for people to build houses. I do not wish to take up the time of the House, but I wish to refer to only one other evil of protection, and it is a direct evil of protection. When a country undertakes a policy of protection, it means high prices. High prices mean discontent and when poor working classes become discontented the only method possible for them of getting redress is to organise themselves and getting their grievances redressed by means of strikes. But at this stage what happens? The industrialist who wants to develop his industries very quickly by means of protection wants to restrain those organisations as much as possible. That has been the experience of the world. I have felt that if a policy of protection is followed there will necessarily be discontent among the working classes, and if there will be discontent among the working classes they will have to organise themselves, and in order that the organisation should grow strong it is necessary that freedom of organisation and freedom of strike should be allowed. I shall content myself now by making an appeal to the Honourable Members of the Assembly. My Honourable friend, Mr. Innes, has already referred to the fact that the masses on whom the burden of protection will fall are not represented here. After all, whom does this Legislative Assembly represent? It represents the electors whose number is a very small fraction of the population. It may be one per cent. I assure the House that it is after all a very small percentage of the population. I do not mention this point to belittle the importance and dignity of this House. As a matter of fact, I admit that for practical purposes we could not have got a more representative Legislative Assembly than this. But, Sir, that should not blind us to the fact that the masses of the people are not represented here and when we are considering the question of putting a burden on the masses more in proportion to their income than the burden falling upon the richer classes, it is our duty to put greater restraint upon ourselves, to be more cautious in pressing burdens upon the poor people than it was necessary for us if the burden had to fall more upon us and more upon our electors. With these words I move the amendment which stands in my name to the amendment moved by the Honourable Mr. Innes.

Mr. President : The Honourable Member will realise that during the conversation which I had with him I informed him that the last half of his amendment is out of order, seeing that it attempts to bring in the question of trade union legislation before adopting a policy of protection. That is not within the scope of the Resolution.

Mr. N. M. Joshi : If the second part is out of order, I propose the first part :

“ Provided that measures adopted with that end in view be so framed that the financial burden resulting therefrom will fall upon the people in proportion to their capacity to bear it.”

I hope the House will accept my amendment.

Mr. President : I think it will simplify the position if I treat this as an amendment to Mr. Innes' amendment.

The question is :

"That at the end of the amendment as proposed by Mr. Innes, add the following :

'Provided that measures adopted with that end in view be so framed that the financial burden resulting therefrom will fall upon the people in proportion to their capacity to bear it.'

The motion was negatived.

16th February 1923.

Mr. T. V. Seshagiri Aiyar (Madras : Nominated Non-Official) : Sir, before I speak on the Resolution and the amendment, I should like to say how cordially we worked with the European Members of the Fiscal Commission, and how willingly they sacrificed some of their scruples in order that there might be unanimity on the major points on which we were asked to give our decision ; and I want to tender to them my cordial acknowledgments for the way in which they treated us during the discussions in the Fiscal Commission. I wish also to express our satisfaction in that the Government on this occasion have shown their appreciation of the desire of the people that there should be a change in the fiscal policy ; Sir, the speech which was delivered by the Honourable Mr. Innes shows that,—his Resolution is not half as good as his speech,—his heart is with the people on this question. Sir, on behalf of the Assembly I think I may congratulate the Honourable Mr. Innes on the exceedingly able speech which he has delivered and on the very conciliatory language he has used in his Resolution, although I am of opinion it leaves a great many things unsaid which I should like it to have said. I may point out that the manner in which this Resolution has been brought forward is not very satisfactory. A costly Commission was appointed, it toured round the country and examined a large number of witnesses. A number of issues were submitted for its consideration and it gave its decision on them. The country expects that the Government should make a pronouncement upon all those issues. Instead of that, although my Honourable friend, Mr. Jamnadas Dwarkadas, gave notice of a number of Resolutions dealing with every one of the subjects which were submitted for our consideration, the Government has chosen to take up only one of these Resolutions. The result is that we are not in a position to discuss the other problems, problems intimately connected with, problems absolutely necessary for carrying out, the policy which has been recommended by the majority and the minority members of the Fiscal Commission. Sir, I must express my regret that the Government has not seen its way to bring forward a Resolution which would have covered all the issues submitted to us.

Sir, before dealing with the amendment of the Honourable Mr. Innes

3 P.M.

I should like to say a word about one of the bogeys which has been raised in this House, namely, that relating to agriculture. I do not know whether my Honourable friend, Mr. Joshi or Sardar Gajjan Singh, know that I was appointed to represent

agriculture. I am not an agricultural labourer. (*A voice* : " That makes all the difference.") My friend behind me says that it makes all the difference. But I should like to know whether any agricultural labourer would have been able to follow the evidence—I am speaking of a labourer—whether any agricultural labourer would have been able to follow the discussions and give an impartial decision upon the evidence placed before the Commission.

I tried my best as representing agriculture,—although as I said I am only an employer of labour and not a labourer myself,—to take up the cause of the agriculturist ; and I do say that the decision come to by the Fiscal Commission is in no way injurious to the interests of agriculture. I think there is a great deal of misapprehension as regards the position of agriculture. If my Honourable friends had studied the Fiscal Commission's Report they would have found that about 96 millions are actual workers in the field, whereas in industry the number of labourers employed is 13,67,000. Even if there is very extensive industrialisation, ten times as much as we have to-day, the number of people who would be absorbed in industrial pursuits would be about a million or so. Still there will be for agricultural pursuits about 95 millions of people. Do my friends seriously believe that 95 millions of people in this country are not enough for working in the fields ? The Honourable Mr. Innes remarked that if the agricultural labourer had been fully represented in this House, it is doubtful whether he would have accepted even the very modest and watered down Resolution which he has put before the House. I demur to what he says on this point. I do not think that the agriculturists, if they have a voice, would in the least object to the report of either the majority or the minority of the Fiscal Commission, and they would certainly not object to the Honourable Mr. Innes' Resolution. On the other hand they would be delighted to find that he has shown such great sympathy and great concern for the welfare of the agriculturists. As I pointed out, there are enough people in this country who can be taken away from agricultural pursuits to be employed in industries ; and agricultural pursuits would in no way suffer by these people leaving that class of work. There is another consideration which people do not take note of ; and that is this. There have been frequent famines in this country. When the rain fails and the crops fail, the agriculturists find themselves out of employment. If there are a large number of industries, what would be the result ? Some member of a working family would find employment in these industrial pursuits and his earnings would be able to supply the other members with their daily livelihood, whereas if all of them entirely depended upon agriculture and there is a famine, they will find that they will have to look to famine camps for their livelihood. And therefore if there are a number of industries and some members of the family find employment in industries and some members in agricultural pursuits, when there is a failure of crops, the person who is employed in the industries will be able to supply the means of livelihood for the persons who have been thrown out of employment ; therefore starting industries would be a help to agriculturists and would not be a hindrance. I said before there are enough people, some of them can well be spared for industrial pursuits. On these grounds I consider people are unnecessarily worrying themselves about agriculture being jeopardised. Upon that point I wish my Honourable friends had the whole of the evidence before them and they would then have seen.

that even agriculturists gave evidence to the effect that by persons being employed in industries agriculture would not suffer in the least.

I turn to the amendment of which the Honourable Mr. Innes has given notice. I must at the outset say that I am very much dissatisfied with the propositions which he, on behalf of the Government, has put forward. Take for example the first of these. He says that he accepts in principle the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India, when he, in the next clause says that in the application of the above principle, of protection, regard must be had, etc., the Honourable the Commerce Member apparently believes that the first clause enunciates the principle of protection. I say with respect that there is a mistake in this. Because according to certain economists, industries can be fostered and developed even under free trade, industries can be fostered by State aid, and industries can be developed by Government pioneering; therefore clause (a) does not necessarily imply that the Government has given its adhesion to the policy of protection. It would have been better and more graceful on the part of Government if they had stated in the forefront of their Resolution that they are whole-heartedly in favour of protection, instead of in a left-handed manner and in a grudging spirit bringing in the word "protection" in the second clause.

Sir, if I am in order I should like to move in the first clause the deletion of certain words and the insertion of certain other words. I would suggest that the words "may legitimately" coming after the words "Government of India" be deleted, and after the words "Government of India" these words be inserted: "should be based on protection." The whole clause would then read thus:

"(a) That he accepts in principle the proposition that the fiscal policy of the Government of India should be based on protection and should be directed towards fostering and developing of industries in India."

I have no doubt after listening to the speech of the Honourable Mr. Innes that that is really his idea, and I do not see why clear expression should not be given to that idea, why this idea should not be placed in the forefront of the Resolution. If he accepts my amendment there will be no difficulty in carrying out this proposition, and I think the whole House will be with him so far as the first clause is concerned.

Sir, as regards the second clause; here again I find there is some defect. Clause (b) reads:

"That in the application of the above principle, regard must be had to the financial needs of the country."

and then it goes on to say:

"and to the present dependence of the Government of India on import, export and excise duties for a large part of its revenue."

Sir, both Sir Campbell Rhodes and the Honourable Mr. Innes have very rightly drawn attention to the need that the past should be buried in oblivion, and that we should not take it up for the purpose of showing up the differences between Lancashire and India. At the same time, if we allow this clause about excise to remain, what will be the inference? The inference

will be that the Government of India's revenue is dependent upon excise, that they can never think of a time when the excise duties can be abolished. If that is the idea, and I think the idea is likely to be generated by the Resolution standing in the terms in which it has been worded, it would lead to considerable heart-burning. I take it, Sir, that everybody is agreed that this chapter in the financial history of this country should be closed; that the excise duty which has been forced on us at the dictate of Lancashire should go. It may be, Sir, that under the present circumstances, having regard to the financial condition of the Government, it is not possible to abolish it. Nonetheless if you allow this clause to remain, it would indicate that the Government for all time to come is dependent upon excise duties and that they do not contemplate that the day will come when the excise duty can be removed.

The Honourable Mr. C. A. Innes : What about the word "present"—"to the *present* dependence of the Government of India on Import, etc."

Mr. T. V. Seshagiri Aiyar : But you do not say that there will ever be a time when the excise duty can go. I think, therefore, Sir, that the introduction of the word "excise" in this clause is likely to lead the people of this country into the belief that the Government do not contemplate its removal. At any rate, I did not in listening to the speech of the Honourable Mr. Innes, find any passage in which he foreshadowed a time when the excise duty can be removed.

Then, Sir, I come to the third clause :

"That the principle should be applied with discrimination, with due regard to the well-being of the community and to the safeguards suggested in paragraph 97 of the Report of the Fiscal Commission." E

Sir, my point is that this clause which relates to paragraph 97 should not be allowed to remain in this Resolution. Those of my Honourable friends who have read paragraph 97 will remember that certain conditions are mentioned there. Then in paragraph 101, in elaborating the reasons which have led to the mentioning of the various conditions, the majority point out that in the case of new industries there should be no protection. Therefore, Sir, if you leave paragraph 97 in the third clause it would lead to the inference that the Government accept the further elaboration by the majority of that paragraph, namely, in paragraph 101 where they hint at the impossibility at any time of protection being given to new industries. If they omit this clause it would still carry out the intention which the Honourable Mr. Innes has in view. It would read that the principle should be applied with discrimination, with due regard to the well-being of the community. Why spoil this Resolution by a reference to paragraph 97, which when read with paragraph 101 suggests that there should be no protection for new industries. Therefore, Sir, I object to those words :

"and to the safeguards suggested in paragraph 97 of the Report of the Fiscal Commission ; and I hope that the Honourable Mr. Innes will agree to their deletion. Sir, although I think that the words I have objected to are likely to be misunderstood and will be regarded as showing a very grudging spirit on the part of the Government towards the legitimate aspirations of the people of this country who want that their industries should be developed, I must say that

a great advance has been made by the Government in assuring us, through their spokesman in this Assembly, that they are prepared to accept a policy of protection for this country. That is a great advance. But I say, Sir, that in order that that pronouncement may be regarded as fully satisfactory and as meeting the wishes of the people, it is desirable that the objections that I have taken to the Resolution should be considered by the Honourable Mr. Innes, and that he should give his consent to the deletion of the words which I have suggested should be deleted. If he agrees to that, he will carry the whole House with him, and that would be a great advantage. Instead of having half-hearted support for his Resolution he will find that the entire House is with him. (*An Honourable Member*: "It is not enough.") My friend says it is not enough; but from my point of view I would advise my friend to accept the Resolution of the Honourable Mr. Innes, if he would be good enough to accept the various suggestions I have made with regard to this matter. If he does not, he is likely to find the House divided. But having regard to the fact that we are getting from the Government as much as the Government think they can give us,—I would suggest to all my Honourable friends on this side of the House that they should, even though it is found that the Honourable Mr. Innes is not willing to go as far as I want him to go, give their support to his Resolution.

Mr. President : Further amendment moved.

"In the Honourable Mr. Innes' amendment, in clause (a), omit the words 'may legitimately' in order to insert the words 'should be based on protection and should'."

The Honourable Sir Basil Blackett (Finance Member) : Sir, I should like to ask whether in dealing with this amendment one must confine oneself strictly to the matter of this particular amendment or whether one could traverse rather wider ground.

Mr. President : The Honourable Member has actually moved three separate amendments, but, for the convenience of the House I will put all three together.

Further amendment moved. :

"In sub-section (b) of the amendment to omit the words 'and to the present dependence of the Government of India on import, export and excise duties for a large part of its revenue.'"

Further amendment moved :

"In sub-section (c) to omit the words 'and subject to the safeguards suggested in paragraph 97 of the Report of the Fiscal Commission.'"

The Honourable Sir Basil Blackett : Sir, I very much hope that the Honourable Member will not find it necessary to press these particular amendments. The Government has, in the words of the last speaker, made a very considerable advance, and it will be a pity to cloud the issue by getting into a discussion of the details of the particular phraseology in which that advance is made. I would draw the attention of Honourable Members in the first instance to the word 'present' which already finds a place in clause (b)—"that in the application of the above principle regard must be had to the financial needs of the country and to the present dependence of the Government

ment of India on import, export and excise duties for a large part of its revenue." The fact that the Government at present depends on import, export and excise duties does not in the least mean that the Government will necessarily depend so, shall we say, three years hence. Do it now, an Honourable Member says; but if that is impossible, there is nothing whatever in the phraseology of that clause which implies that any of those particular duties are perpetuated. Now, with regard to the next clause (c), Government has already agreed to eliminate the words 'subject to' and that really makes a very considerable difference. The words 'subject to' made it an instruction to the Tariff Board that it was to introduce a new policy of protection with discrimination *subject to* those safeguards. Now, it is required to have due regard to those safeguards and I ask any reasonable person who reads clause 97 to say whether any Tariff Board would be so foolish as to start introducing a policy of protection without due regard to those safeguards. I really feel that in the position which we have reached there is nothing in these small amendments which have been suggested.

I would like now with the permission of the House to turn to more general points and continue the debate as a whole. It has been an unexpected debate to one coming from England where the subject of protection and free trade has for some time raised an almost mystical enthusiasm in the adherents of one side or another, an enthusiasm only comparable to the zeal with which people in the Greco-Roman world used to quarrel about the exact nature of the persons of the Trinity. To-day we have had no such discussion. It has been simply a question of the extent and methods of a policy of protection, on which, subject to due regard being had to the interests of agriculture, we all seem to be agreed.

I may perhaps be allowed to make a personal observation at this point. A Member of the Government of India when he speaks on behalf of the Government of India has only a very limited power of expressing personal views. He is an eighth part, or rather less than an eighth part, of a unity known as the Governor General in Council, and he is expressing the views of the Government of India subject to the general instructions of the Secretary of State. There is not much room for very personal views. Some of us, as Mr. Innes has said, have felt considerable doubt as to whether or not the present is a wise moment to introduce protection. I am not one of those who believe that one must be either a protectionist or a free trader; I can never understand why one should be either an Arian or an Athanasian on the question. It has always seemed to me to be a question of time, place and opportunity. I have been able to agree with the free trader that if there were no differences of race, religion, language, nationality, climate or geography between the peoples of the world free trade would be undoubtedly the right policy. But I have never been able quite to subscribe to the doctrine as I saw it stated only yesterday that free trade is the only policy which is consistent with true international morality. At the same time I have never been able to agree with the protectionist when he tells me that it is necessary that everything that comes into the country should be taxed highly, or that it is very bad for a country that it should take payment for its exports by taking imports in return. There is a famous picture in Addison's Spectator of a Tory squire

who waxes violently indignant over the new fangled importations that are coming in from every part of the world, and drinks death and damnation to them in a glass of cognac from France !! The question is really one of time, place and opportunity, and I think the House must have been much struck with some observations that fell from the Honourable Mr. Innes about the difficulties of introducing protection into India in the present state of world commerce and industry. I do not want to be ruled out of order by you, Mr. President, by getting lost in questions of exchange and currency, but they really have a considerable connection with this question. It has happened more than once in the history of the world that a nation has gone in for protective duties and has found in quite a short time that somehow or other in some curious way the exchanges have nullified the effects of protection. At a time when all the exchanges of the world are in a state of chaos, at any rate some consideration ought, I think, to be paid to that matter. There is a paragraph, I think it is paragraph 92, in the Commission's Report which makes a passing reference to that, but if I may be permitted to say so, not a very satisfactory reference. However, as I said, a Member of the Government of India has only a limited right to speak his personal views and my object in expressing a doubt as to whether the present is altogether an opportune moment for introducing protection into India was merely to draw attention to the need for caution. I accept whole-heartedly the doctrine that it is India's right to decide what fiscal policy she shall have, and so long as I remain a Member of the Government of India I shall whole-heartedly attempt to assist in the introduction of the policy which India has chosen. That being the position, the House has, I think, the duty to remember that the Government of India must have the responsibility of doing the administrative work of introduction and must be content to go perhaps a little slower than the fastest sailing vessels of the fleet might wish. After all, we are embarking upon a sea, which is known to be subject to cyclones and which has many sunken reefs. May it not be wise to steer slowly at first and set a course among the islands near the coast? Of these we have already some knowledge in our existing revenue tariff which it will be foolish to pretend was not already a protective tariff without being either consistently or discriminately protective. I suggest, therefore, that it is clearly right that the House and the Government working together should proceed cautiously in this matter.

Now, Sir, some criticism has been made as to the constitution of the Tariff Board. I think it was Mr. Kamat who suggested that he would prefer to see on the Tariff Board two Members elected by this Assembly, but he was willing (*A Voice*: "No, it was the other way.") If everybody is agreed on that matter, I need not further defend the view that Government has taken about the nature of the Tariff Board. It is, of course, quite natural, it is a natural function of every Parliament to be critical of its executive. It is right that it should be so. An executive that is not really responsible and responsive to the will of the people constitutionally expressed is a bad executive. It is even more natural that the Assembly should be jealous in the present state of affairs of this executive, which is only in part responsible to the present Assembly. I do not wish to enter into its constitution at this stage, but it is at any rate responsive to the views expressed in this Assembly. I would suggest that the House, in considering this question of

a Tariff Board, should throw its mind forward to the day when the executive will not only be responsive but will be responsible to this House. Let us keep faith with the future. It will be a great mistake if at the present moment, during the present transition period we should allow accidents belonging entirely to the transition period to lead us astray. My strong personal belief is that the two main *desiderata* in a constitution with an executive responsible to a Parliament are that the executive should be thoroughly responsible to Parliament, and that Parliament should not usurp any of the functions of the executive. I would suggest, therefore, that in dealing with this question of a Tariff Board, we should throw our minds forward and consider whether, supposing we had an executive which was entirely responsible to this Parliament, we should not be making a mistake by trying to usurp their function of appointing a Tariff Board which would take from them the responsibility, which after all they cannot shift from themselves, of bringing this policy into execution.

The Honourable Mr. C. A. Innes : It will be convenient if at this stage I explain the view of the Government in regard to Mr. Seshagiri Aiyar's amendment. I do not propose to refer to Mr. Shahani's speech except to say that that speech illustrated a danger which I think is a real one. If every one here to-night worded the Resolution so as to embody his own particular brand of protection, every one of us in this Assembly would have his own Resolution, and we should never come to a finish at all. In this very difficult matter I say that there must be a reasonable spirit of give and take and that being so I hope Mr. Seshagiri Aiyar will withdraw his amendments. I must confess that I listened to Mr. Seshagiri Aiyar's speech with a certain amount of disappointment. He said that the Government had made only a grudging advance. He said that we had so worded our Resolution that it was open to misconstruction and misunderstanding. Sir, on my part, I may say that I do not think that any reasonable man reading my Resolution can misunderstand it at all and I say that if there is any misunderstanding it must be a wilful misunderstanding. The first clause of my Resolution has been attacked on the ground that it does not bring in the word protection. It has been suggested by Mr. Seshagiri Aiyar that under cover of this clause I am probably referring only to other methods of giving assistance. Sir, Mr. Seshagiri Aiyar, when he made those remarks entirely overlooked the word 'fiscal.' I say that the fiscal policy of the Government of India may legitimately be directed towards the development of industries in India. Sir Deva Prasad Sarvadhikary accuses that as being a patronising reference to India. It is nothing of the sort. What is the point of that clause? Surely this House will give us credit for the fact that every line of this Resolution has been most carefully thought out and the reason why clause (a) of the Resolution has been worded like that is to mark the transition the profound transition from a purely revenue tariff to a tariff which is directed to other objects and that is why the Resolution has been worded in that way. I come to clause (b). Here again Mr. Seshagiri Aiyar says that clause (b) has been so worded so as to give people the idea that we propose for ever to keep on the cotton excise duty. Nothing of the sort. I explained at the very greatest length in my last speech why we had put in this reference to the financial position. I explained that it would not be honest for us to pretend that in the present state of our finances we could pledge ourselves to take off the duties referred to by the Fiscal Com-

mission and that is why I put in particularly the words 'the present dependence.' We are not discussing the question of cotton excise duties at all in this Resolution. It has nothing to do with this Resolution. All we are discussing is whether or not this House is to admit the principle of protection. That is the whole point. Again we come to clause (d) Mr. Shahani has found all sorts of dangers, all sorts of dishonesties on the part of the Government of India in this reference to the safeguard in paragraph 97 of the Indian Fiscal Commission's Report. Mr. Seshagiri Aiyar suggested that because I made a reference to paragraph 97 I must have had in my mind a reference to paragraph 101. I had no idea of the sort. Any one will see, as Sir Basil Blackett has pointed out, that this suggestion that the Tariff Board must have regard to these safeguards is a perfectly reasonable suggestion. No Tariff Board considering questions of this kind could avoid paying regard to the considerations mentioned in paragraph 97 of the Fiscal Commission's Report. As I pointed out in my last speech, all that paragraph refers to is the doctrine of comparative advantage. Can Mr. Shahani or any one in this House suggest any better criterion than that? I do not think I need say more. We have on this side made a fair and even generous advance in order to meet the wishes of this House and the wishes of the people of India. I do not think that it is generous on the part of the House that it should make small and niggling amendments in the wording of my Resolution. As I have said, every line of this Resolution has been most carefully thought out and I must ask the House to accept that Resolution as it stands. I am afraid that if Mr. Seshagiri Aiyar presses his amendments then I must oppose them and the responsibility will not be mine. Sir, I oppose the amendments.

Dr. H. S. Gour : I move that the question be now put.

Mr. President : The question is that the question be now put.

The motion was adopted.

Mr. President : Amendment moved :

"That in the amendment moved by Mr. Innes in clause (a) the words 'may legitimately' be omitted and that the words 'should be based on protection and should' be inserted in their place."

The motion was negatived.

Mr. President : Further amendment moved :

"That the words in clause (b) :
'and to the present dependence of the Government of India on import, export and excise duties for a large part of its revenue' be omitted."

The motion was negatived.

Mr. T. V. Seshagiri Aiyar : Having regard to the fate of these amendments I do not press the other amendment.

Mr. President : Further amendment moved :

"That in clause (c) the words 'and to the safeguards suggested in paragraph 97 of the Report of the Fiscal Commission' be omitted."

The motion was negatived.

Mr. P. P. Ginwala (Burma : Non-European) : Sir, somehow to-day I do not feel the least enthusiasm over the subject which is being debated,

for by what I can see there is very little ground on which there is really much controversy. The points that are under debate are really two as the Honourable Mr. Innes has more than once pointed out. Is India committing itself to the principle of protection? That is one point; and the second point is— if it is going to commit itself to the principle of protection—does she wish that part of the machinery to give effect to that principle shall be the constitution of a Tariff Board.

Now it was said this morning,— and I think it is believed by most Honourable Members,—that to-day we are burying the policy of free trade, and that we are giving it a decent burial with the Honourable Mr. Innes as one of the principal pall-bearers. But the question that I should like answered is this. If free trade is dead to-day, and it is going to be buried in a few minutes, has protection really come to stay? Now I am not very sure that the way we are proceeding about it to-day leads me to think that protection, even if a Resolution approving of it is passed by this august Assembly, is going to stay for ever. I see no indication of any element of permanence in the proposition that has been made either by my friend, Mr. Jamnadas Dwarkadas, or the amendment moved by the Honourable the Member for Commerce and Industries. For what does it amount to? We pass a Resolution that the future fiscal policy of India shall be on the lines of protection. We then say that we should constitute a Tariff Board to give effect to it. But what is there which gives any sanction either to the first Resolution or to the second Resolution? What is there to prevent this policy being set aside by a subsequent Resolution of this House, and what is there to prevent this Board being also wiped out by a subsequent Resolution of this House? Now, Sir, the point that concerns me most is this—if we are going to embark upon a policy which is going to break with the past wholly and which is going to inaugurate a new era, the House must safeguard itself against fluctuations of political views in this Assembly and outside. I am not in a position to suggest how this House is going to accomplish that; but I venture to think that the mere passing of these two Resolutions will not ensure that permanence which is essential to the growth of this fiscal policy on which this House is about to embark. It is also necessary that some legislative provision be made by this House by which this House pledges itself, so far as itself is concerned, to adhere to this policy. Unless this is done I do not consider that we should be wise in venturing upon this policy, for there are no precautions taken against its reversal at any time. I put the question in this way. Take the Tariff Board. The Honourable Mr. Innes says, the Board shall come into existence and shall remain in existence for a year.

The Honourable Mr. C. A. Innes : In the first instance.

Mr. P. P. Gíwala : Of course in the first instance for a year. But we do not know what is going to happen to that Board at the end of the year. Many of us may not be here at all to hear the fate of that Tariff Board. It is not merely a bogey I am raising; it is a real fact that you have got to reckon with. If our friends outside the Council who have kept out of it change their minds, as they are about to change, we hope, you may be certain that this would be one of the election cries—and it must be an election cry—as to whether the Honourable Mr. Innes with his Tariff Board and we with our

support should be allowed to come back to this House or not. I venture to submit, Sir, that before any violent changes are made in the policy of the country, sufficient provision must be made to ensure its permanence, and I submit, that this is not the way to do it. I have said before in this House, and I have not changed my opinion since, that I am a protectionist to the core ; but I do not wish to be a protectionist to-day and be changed into a free-trader by the sheer brutal force of votes next year. That is the thing we have got to guard against. (*An Honourable Member* : "There is no danger of that.") There are gentlemen here who are so sanguine as to suppose that there is no danger of that. Well, I foresee the danger myself, though it is not that I wish that the House should not embark upon this policy of protection. That is not my wish. My wish is that something more tangible than a mere Resolution should come from the Government, so that at least for a reasonable period we are committed to this policy of protection.

Then, Sir, with regard to the constitution of the Board. Now I am not a great believer in any bureaucratic form of Government.

The Honourable Mr. A. C. Chatterjee (Education Member) : Nor do you believe in a democratic form of Government.

Mr. P. P. Ginwala : My Honourable friend says, that I am not sufficiently a democrat. But there is this to distinguish real bureaucracy from real democracy, that the bureaucracy will not improve nor is willing to improve upon somebody else's ideas. Democracy has this affliction about it, that it wants to improve everybody and it wants to improve upon everybody else's ideas. This being so, let us consider whom we should prefer. What would happen if democracy prevails and this principle of election is adopted in the constitution of the Board ? Those Members who are elected by the House will be subject to the influence of the House. We cannot get away from that fact ; we need not disguise it. They must come under the influence of the House. Again the House itself, in its turn is bound to come under the influence of the outside world. This will not be so in the case of the bureaucracy and I submit, that in the conflict between these two principles and under the peculiar circumstances of this case, I would prefer the bureaucracy and confer on it the power of determining the constitution of the Board. But, Sir, I would go further. I am not impressed by the fact that the mere passing of a Resolution constituting this Tariff Board is sufficient. If this Board is to be constituted it should be a statutory body, constituted by an Act of this Legislature, and that its duties as far as possible should be defined. I object to treating the Board merely as an advisory body. For in the end it may come to this, that it may advise as much as it likes the protection or otherwise of a particular industry, but if its advice is to be submitted to the opinion of the whole House, I venture to submit, without meaning any offence to this House, that that advice will not more often than not be examined on its own merits. There are always political forces at play, under whose influence the advice is bound to come. If their advice is to be subjected to the scrutiny of the House on each occasion, it would be better that the advice had better not be tendered. We have seen and it is a legitimate exercise of our powers—we have seen on many occasions how much we have got a tendency to doubt to scrutinize and amend the reports of all Select Committees.

That I say is legitimate in legislation, but when one comes to the examination of an important department of business, the examination should be from a business, and not from a political point of view as would be the case, if it was undertaken by this Assembly. I maintain that is a thing to be avoided, and if the Honourable Member for Commerce is desirous that this Tariff Board should be a really live Board with possibilities in itself of doing good, it should be a statutory Board exercising statutory authority, by which this House and the outside world may be bound for a reasonable period of time. There is another point. In the elements of permanence to which I referred there is the attitude of one gentleman, the gentleman who sits in Whitehall with a big stick in his hand over the heads of my Honourable friends on the Treasury Benches; we have heard nothing at all as to what his ideas and intentions are and what he means to do. (*Mr. Jamnadas Dwarkadas* : "He has no voice.") We think he has got no voice, but I should like to have an official statement made that he is going to give up this big stick in his hand so far as this aspect of administration is concerned. I have heard nothing about it. I should like to hear from the Honourable the Commerce Member what is the position of this gentleman going to be with regard to any Resolution that this Assembly may pass to-day. We have been just told by the Honourable the Finance Member, that Members of the Government have got very little scope for the expression of personal opinion; we know it and we feel it pretty often; but we want really to know what is the official information on this question. Is this gentleman going to take his legitimate position in the machinery of the Government of the country, or is he going still to persist in interfering with our affairs when his interference is not required? I put a plain question to the Honourable Member for Commerce and I shall expect a plain answer.

Sir, these are some of the few matters which have rather made me feel some anxiety about the future fate of the policy we are adopting by the Resolution which is before the House. It may be that I do not understand economics in the way in which my Honourable friend to my right (*Mr. S. C. Shahani*) claims to do, but I think I am entitled as much as anyone else to know from the commonsense point of view what our position is going to be hereafter; whether if free trade is dead protection has come to stay?

Mr. Jamnadas Dwarkadas : Sir, we have now before the House my own Resolution and as against that the amendment of my Honourable friend *Mr. Innes*. We have heard speeches from many Honourable Members, some supporting the Resolution, others supporting the amendment, and others criticising both; and I am called upon now to exercise my right of replying to the debate that has followed my moving this Resolution. I shall try and take my Honourable friends one by one. I shall deal with Government last. I shall first take my Honourable friend, *Sir Campbell Rhodes*, one of my esteemed colleagues on the Fiscal Commission. I must at once say that with the exception of one point that it seemed to me he made, my Honourable friend, in spite of differences of opinion—and I still maintain that they are small differences—has treated me more or less fairly; but I must insist on telling him something about one point that it seemed to me he made, and that was to the effect that considerations of racial hatred had shown them-

selves in the conclusions at which we arrived. Now I at once deny the charge. I deny it.

Sir Campbell Rhodes : On a point of explanation, Sir, may I assure the Honourable Member that those were not my remarks ? I referred to evidence given before us, but not to any action in the Commission itself.

Mr. Jamnadas Dwarkadas : I am glad, Sir, that my Honourable friend has explained his position. But even on behalf of the witnesses themselves I am not prepared to admit the fact that they were moved by racial considerations in dealing with this question on which the voice of India had spoken long, long before this House ever ventured to take the matter into consideration. It is a question that has been discussed on its own merits by every one who has discussed it, and I refuse to believe that any one of all the witnesses that came to give evidence before the Commission introduced the element of race in putting forward his views before the Commission. Then my Honourable friend made another point and said that I maintained the position that when India became self-contained famines would disappear. I was surprised to hear that from my Honourable friend. I never for a moment maintained that. In a limited sense, so far as the necessities of life are concerned, I do believe that India can reach a position of being self-contained, and it will reach that stage if proper encouragement is given to industrial development in this country. So far as famines are concerned, I maintain that if pressure on land is diminished by a portion of the people who now belong to the agricultural class diverting their energies to industrial labour, then it is likely that the resisting power of the people will increase and they will be able to bear famines more than they have hitherto done. With regard to the other points referred to by my Honourable friend, I have nothing to say. He has presented his own point of view, but fundamentally I find that there is an agreement between us so far as the general conclusion with regard to protection is concerned. Now, I must come to my Honourable friend, Mr. Joshi. Believe me, Sir, I never expected that my friend, Mr. Joshi, who is supposed here to represent the interests of labour of the poorer classes of the community, not by election but by nomination of the Government, would ever put forward views that would be most detrimental to the interest of the poorer classes. I was wondering what it was that had influenced Mr. Joshi's views so as to enable him to present a case, pretending of course that it was a case for the poorer classes, but which was most detrimental to the interests of the poorer classes. I was wondering what it was that had influenced him. (*Mr. N. M. Joshi :* "Have you found out?") And it then dawned on me that perhaps his going to Washington and Geneva nominated as he was by the Government of India to represent the cause of labour had perhaps removed him to a large extent from touch with the poorer population here and had brought him in the midst of the surroundings of those pleasant labour gentlemen of other foreign countries whose views on the question as to whether India should have a policy of protection or free trade would not be acceptable to any portion, to any class of people belonging to this country. We know that the people who would most resent the adoption of a policy of protection would be perhaps the class which seems to have influenced my Honourable friend, Mr. Joshi's views. I want to assure Mr. Joshi this, that if I had not

known him I would have for a moment thought that he was here representing the views either of Lancashire labour or of Lancashire merchants and that he was not in any way advocating the cause of our country. (*A Voice* : "No no.") I am entitled to my view. I find fault with his judgment, not with his motives ; but believe me, Sir, that it has really pained me to feel that Mr. Joshi's prejudice against capitalists goes so far as to make him use this momentous occasion for emptying himself of the hatred that, it seems to me, he has generated in his breast against these "wretched classes." I hope Mr. Joshi will realise that the country is much greater than any of the classes that constitute this country. I hope Mr. Joshi will take a leaf from the book of his own late leader Mr. Gokhale, and make up his mind to study the speeches and writings of that great respected leader and try to give something of his views both to the people and to the Government which, of course, will be to the advantage of this country.

Then, Sir, I come to my Honourable friends from the Punjab. Both my friends from the Punjab, Messrs. Townsend and Sardar Bahadur Gajjan Singh seem to imagine that an adoption of the policy of protection will hurt the interests of the agriculturists. Now I do not want to go into the details of their arguments, but it seemed to me when my Honourable friend, Sardar Bahadur Gajjan Singh was arguing, that he was arguing against himself. He maintained that if industries were set up in this country and if a demand for raw materials increased in this country, then the agricultural interests would suffer. I could understand my Honourable friend bringing that argument forward if the Fiscal Commission had recommended that an embargo should be placed on export or even that an export duty should be resorted to, but the Fiscal Commission, as I pointed out in my opening remarks, has deliberately excluded export duties from their recommendations. Now what will be the result of the establishment of industries here ? The demand for raw materials would increase in this country. Not only that, but a competition would be set up for securing those raw materials between this country and the foreign countries. I ask my Honourable friend whether the agriculturists are going to gain or lose by the existence of that competition ? When the demand is greater and the supply remains the same, do the prices go up or do they go down ? Will it stimulate the agriculturists to pay greater attention to their crops and increase their production or will it dishearten them and compel them to give up growing their crops ? I personally believe that the policy of protection, if adopted will not compel the agriculturists to suffer in any way, but it will bring greater prosperity to them. But apart from that, even to-day we realise that the pressure on land is so great and so many more men than necessary are engaged in agriculture that there is an insistent demand to provide for them in their spare moments facilities for resorting to cottage industries like handloom, and so on. If we draw a certain number of people, a very small fraction of the population for industrial labour, even then, I submit, there will be a large number of people left who will be required to pay attention to the carrying on of cottage industries in the villages.

Then lastly, I come to my Honourable friend, Mr. Shahani. Mr. Shahani, I think, has attempted to give views which he thinks are beneficial to the interests of this country. He referred to the question of the constitution of

a Tariff Board and said that the constitution of a Tariff Board, as suggested by my Honourable friend, Mr. Innes, would not be desirable and is opposed to the recommendation made by the Minority Report. I admit that that is so, but I will, when dealing with the speeches of my Honourable friend, Mr. Innes and my Honourable friend, Sir Basil Blackett, deal with this aspect of the question of the constitution of a Tariff Board. Let me now come to the amendment of my Honourable friend, Mr. Innes. I agree with my Honourable friend, Mr. Sheshagiri Aiyar, that the Government have shown a great deal of wisdom in approaching this question in the spirit in which they have done. I agree with my Honourable friend, Mr. Ginwala, that in addition to the remarks made in his personal capacity by the Honourable the Finance Member, a more definite statement ought to have been made by the Government to the effect that hereafter the Secretary of State will never interfere in the fiscal policy of the country when the Government of India and the Indian Legislature are in agreement. I hope my Honourable friend will take the opportunity of making that statement before this debate is closed to-day. Then, I said that my Honourable friend had approached the subject in a good spirit. I maintain that, because I believe, and I think Honourable Members will do well to keep this in mind, that the present transitional constitution of the Government of India provides that in all matters in which there is an agreement between the Government of India and the Indian Legislature, in those matters alone, so far as the fiscal policy is concerned, the Secretary of State will not interfere. An obstructive attitude on the part of my Honourable friend, the Commerce Member would have perhaps made it difficult for us to get the policy of protection in some form or another adopted in this House. He has made our course easier, and I have reason to believe that the Government have been able to do so, perhaps because the present Secretary of State has respected the convention established by the late Secretary of State and not interfered with the decision of the Government of India. Now, I wish my Honourable friend on behalf of Government had gone far enough as suggested by my Honourable friend, Mr. Seshagiri Aiyar. I believe, for instance, he should not have shirked to introduce a more definite language in his Resolution boldly proclaiming the adoption of a policy of protection for this country. I know that he has done so in spirit. I know that in his Resolution,—whoever reads it—he cannot conceal that,—he accepts the policy of protection as recommended by the Fiscal Commission. I know also that in the speech that he has made he has given expression fully to the view that Government to all intents and purposes have accepted the policy of protection. But I wish that nothing should have persuaded him to keep back that boldness which ought to be the characteristic of every Resolution, either when it is framed by Government or by any Member of this House. However, as I look more to the substance than to the shadow, I have no hesitation, as a practical man, in accepting the wording as suggested by him, especially because he has accepted certain changes which were suggested to him. Now, coming to clause (b), I labour under the same difficulty under which my Honourable friend, Mr. Seshagiri Aiyar, laboured. His amendment is lost and I have no right to refer to it. But I want to make it clear that by accepting the clause—“the present dependence of the Government of India on import, export and excise duty for a large part of its revenue,” we should not be

taken to mean that we have for all time to come blessed the present method of taxation which is resorted to by Government. With that reservation, I have no hesitation in accepting that clause. With regard to the third clause, the omission of the words "subject to" alters the character of that clause and I feel that the Tariff Board will be called upon only to pay due regard to those conditions and it will not be insisted that they should rigidly apply those conditions for all time and in all cases. If this is the meaning, I have no hesitation in accepting that. And now, lastly, I come to the question of the constitution of the Board. I must explain the reasons which led the minority to make the recommendation which we made. We again were faced with the difficulty of making some arrangement for the transitional period. Until we reached self-Government, so long as we have an Executive which is not responsible to the people, it is very difficult for us to accept a Board which is nominated by a Government not responsible to the Legislature. We were faced with that difficulty. We know that there is no constitutional precedent for such a Board being elected by Members of Parliament or the Members of a popular House. But no other country is faced with the difficulty of going through a transitional period, as we are faced. We have here an irresponsible Executive controlled, as it were, obnoxiously very often, by the Secretary of State and we have an elected majority in the House. How are we going to compel the hands of Government to make an appointment which is acceptable to us? Well, it is that which led us to make a recommendation that the Board should be elected. However, I think, we should not insist on that being carried out, especially after the remarks that have been made by my Honourable friend, Sir Basil Blackett. For I am free to admit that, in cases where that gentleman from Whitehall, of whom my Honourable friend, Mr. Ginwala, has so eloquently spoken, in cases where he has not continuously interfered with Honourable Members of the Government, may have behaved much better with us. And, as I believe in the dictum that "trust begets trust," I feel that we shall be acting wisely in showing our trust and confidence in the Members of the Government and hope that they will use this trust well and see to it that the appointment that they make on this Tariff Board would be such as would be acceptable to the Members of this House. And in doing so, I beg of them not to allow "foreign" influence to bear upon them. (*An Honourable Member*: "Outside influence.") By "foreign" I mean the influence of the gentleman from Whitehall who does not know much about India and who continuously thrusts his finger in everything that is being done by the Government of India. We had a very sad experience in the appointment of the Royal Commission. I wish I were free to admit, like my Honourable friend, Sir Basil Blackett, that Government has always been responsive, if not responsible, to the wishes of the Legislature.

5 P.M.

Our experience in the case of the Royal Commission has been too recent and too sad to cheer us up with that kind of statement. But we hope, at any rate, so far as fiscal matters are concerned, we shall have no interference from that gentleman from Whitehall and that we shall be masters in our own house and that we shall be left to decide matters as we like ourselves. But I may also warn the Government that, if they do not use the trust well in this matter, they will find it difficult to deal with this House in other matters, because they have

got to deal with this House on every question and, once it is shown that the trust is misplaced, which I hope it will never be, then this House knows how to deal with the Government in questions that will come up to us for discussion in future. So to all intents and purposes, I am prepared to accept the amendment of my Honourable friend, Mr. Innes.

And, last but not the least, I want to touch one of the arguments that has been advanced.

Mr. President : I cannot let the Honourable Member advance a new proposition.

Mr. Jamnadas Dwarkadas : This is not a new proposition. I will bring my remarks to a close, Sir. Mr. Ginwala complained that, while we were busy burying free trade, he did not know whether the new House would not bury protection. I do not think that the new House will do that. I do not think that any new House is going to bury protection for a long time to come. But, if it does so, none of us is bureaucratic enough to question the power of the Legislature in this country to bury any policy that this House is launching upon.

Sir, before, I sit down, I want again to express my gratitude to the Government that although not quite fully, at least in spirit they have largely met in this instance the desire of the Legislature. I feel as if I could say to my Honourable friend, Mr. Innes, that the long-lost brother has after all come back to the fold, that the policy which India has insisted on for a long number of years in the interests of this country, to which Government at the dictation of Whitehall turned a deaf ear, is accepted by Government and I agree with Mr. Innes that it is an epoch-making proposition and that we are starting a new era in this country. I repeat that it seems to me that, if this Resolution is accepted, it will be a red letter day in the history of this country and I may take, if I may be permitted to do so, legitimate pride in the fact that I had the honour to initiate this discussion.

The Honourable Mr. C. A. Innes : Sir, I think that Mr. Jamnadas has exhausted my time as well as his own and therefore I will not detain the House for more than a moment. Mr. Ginwala appeared before the House in his usual impersonation of a doubting Thomas. He wanted to know what is the good of our passing a Resolution of this kind? He pointed out that that policy even though we approved it to-day, might be upset by the Assembly of this time next year. Well, Sir, I can give him one answer to his question. The use of passing this Resolution which I have put to the House is this, that it pins down at any rate the Government of India to that policy. Mr. Ginwala also stated that he was a democrat. I must confess that, when I heard his views about the Tariff Board I felt very much inclined to doubt that statement. He apparently contemplates a Tariff Board with Statutory powers over and above the Indian Legislature, a Tariff Board which is empowered to fix rates, a Tariff Board which is beyond criticism by this Assembly. Well, Sir, that may be a very efficient Board but it is not democracy, nor, Sir, is it the sort of Board that I should agree to appoint. One more point and I have done with the Honourable Member from Burma. He challenged me to say what action His Majesty's Secretary of State for India would take in regard to my Resolution, if it is passed by the House to-day. Sir, the only

answer that I can give to that question is this, to refer the Honourable Member from Burma and other Members of this House to paragraph 33 of the Joint Select Committee's Report, and to the Despatch of the 30th June 1921, in which Mr. Montagu, on behalf of His Majesty's Government at Home, accepted the principle recommended by the Joint Committee. Sir, Mr. Jammadas's speech ended in a note of harmony. Mr. Jammadas ended up his speech by saying that he was prepared to accept my amendment. I hope, Sir, that the whole House will adopt the same attitude in regard to this amendment. Only time can show, Sir, whether we are wise or not in the decision we are taking to-day, but I have one thing to say. We have adopted this policy and, as far as the Government of India are concerned, we are determined to carry it out in earnest.

Mr. President : The original question was that :

"This Assembly recommends to the Governor General in Council that a policy of Protection be adopted as the one best suited to the interests of India, its application being regulated from time to time by such discrimination as may be considered necessary by the Government of India with the consent and approval of the Indian Legislature."

Since which an amendment has been moved to substitute the following after the words "Governor General in Council."

"(a) that he accepts in principle the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India :

(b) that in the application of the above principle of protection regard must be had to the financial needs of the country and to the present dependence of the Government of India on import, export and excise duties for a large part of its revenue ;

(c) that the principle should be applied with discrimination, with due regard to the well-being of the community and to the safeguards suggested in paragraph 97 of the Report of the Fiscal Commission ;

(d) that in order that effect may be given to these recommendations, a Tariff Board should be constituted for a period not exceeding one year in the first instance, that such Tariff Board should be purely an investigating and advisory body and should consist of not more than three members, one of whom should be a Government official, but with power, subject to the approval of the Government of India, to co-opt other members for particular inquiries."

The question is that that amendment be made.

The motion was adopted.

Mr. President : The question is that the Resolution, as amended, be adopted.

Sir Montagu Webb : May I, at this stage, make a slight verbal amplification, namely, the addition of the word "Indian" before the words "Fiscal Commission?" The Report of the Fiscal Commission, I have been told, is going to mark an epoch in the great Free Trade controversy, and I should like the name of India to be associated with it.

The Honourable Mr. C. A. Innes : I have no objection, Sir.

Mr. President : Further amendment moved :

"That before the words 'Fiscal Commission' in sub-section (c), the word 'Indian' be inserted."

The motion was adopted.

Mr. President : The question is that the Resolution, as amended, be adopted.

The motion was adopted.

27th February 1923.

RESOLUTION *re* STATE MANAGEMENT OF RAILWAYS IN INDIA.

Mr. President : The Assembly will now resume consideration of the Resolution moved by Maulvi Miyan Asjad-ul-lah on the 7th September, 1922 :

“ This Assembly recommends to the Governor General in Council that the Indian Railways Act of 1890 be so revised as to give India the full benefit of State ownership of Indian Railways as is done in other countries where the Railways are owned and managed by the State.”

In view of the number of amendments on the paper, I think it may assist the discussion if I give the Assembly some indication of the course which I propose to pursue in regard to them. I shall, in the first place, call upon Mr. Neogy to move the amendment standing in his name. I shall then call upon Dr. Gour to move the amendment standing in his name as an amendment to Mr. Neogy's. Then without putting Mr. Neogy's amendment to the vote I shall call upon Sir Campbell Rhodes to move his amendment as a further amendment to Mr. Neogy's. These will place before the Assembly the principal alternatives and the discussion therefore can proceed on wide lines.

Mr. K. C. Neogy (Dacca Division : Non-Muhammadan Rural) : I beg to move :

“ That in the Resolution the following be substituted for the words beginning with ‘ the Indian Railways Act ’ and up to the end of the Resolution :

‘ he may be pleased to accept and give effect to the recommendation of the Chairman and four other members of the Indian Railway Committee, 1920-21, that the undertakings of guaranteed Railway Companies, as and when the contracts fall in, should be entrusted to the direct management of the State.”

I have heard it said that my amendment merely seeks to raise an academic discussion. I maintain that it does nothing of the kind. Looking through the list of amendments I find that some of my Honourable friends are anxious to shirk the real question that is at issue to-day. They are more in favour of temporising with the question instead of solving it in the way in which we should. Sir, this question came up, I think, about half a dozen times in the old Imperial Legislative Council during the last 10 or 12 years. The question did not come up in connection with the future management of the Great Indian Peninsula and East Indian Railways, but Indian opinion has been insistent during all these years that the future policy of management of all State-owned railways should be in accordance with Indian opinion which of course favoured State management. Now, Sir, leaving aside those past discussions, what do we find even when we come to the year 1920-21 ? We find that the Acworth Committee was appointed not for the purpose of advising the Government of India as to what system of management should be accepted in regard to these two lines, but generally to advise the Government of India on the question of the future policy of management of railways as a whole. A reference to the Acworth Committee's terms of reference will bear me out in this parti-

cular. Then, Sir, when the Aeworth Committee proceeded about their business they took care to collect all shades of opinion in regard to this general question. They did not confine their attention to the question of Great Indian Peninsula and East Indian Railways alone. And when the report of the Aeworth Committee was published, Honourable Members will remember that several of my Honourable friends in this House in interpellations insisted on an opportunity, and an opportunity being given for the discussion of the whole Report of the Aeworth Committee, and not merely the question of the management of the Great Indian Peninsula or the East Indian Railway. Again, Sir, the Government of India in June 1922 addressed Local Governments and the Chambers of Commerce in the various provinces, inviting their opinions on this question. They specifically raised the question of the management of these two lines, but incidentally they referred to this general question as well. They say this in one of the paragraphs of their letter: "Not all Local Governments and Chambers of Commerce are immediately interested in these two lines, but the general question involved is so important that they will no doubt wish to express their views," so that even in June 1922, Government was considering the whole question of the future policy of railway management. After that the Central Advisory Council was asked to pronounce their views, not merely with regard to the management of these two lines, but on the question of the policy of future management of railways as a whole. Therefore, Sir, I maintain that it is not only open to us, but it is incumbent on us, to discuss this broad question of principle to-day. We will be shirking our duty if we confine our attention to these two lines without deciding the question of principle involved. Shall it be said that the Legislative Assembly with an elected majority was afraid to decide the question in the year 1923, while its predecessor in days gone by insisted on the acceptance of this general principle in regard to all State-owned railways?

Now, Sir, I come to the subject-matter of the Resolution. A well-known English writer on British railways, whose sympathies are not at all in favour of nationalisation, says that the question of State or private management is not a general one. It is not possible to say that all private companies are bad and all State Railways are good or *vice versa*. State system and private system may be good, bad or indifferent according to the varying circumstances of different countries. I, therefore, maintain that the analogies of other countries are quite out of place in the discussion on this question, either in favour of State management or in favour of company management in India. Sir, we are all aware that there is no stronger protagonist of company management among the railway experts of the world than Sir William Aeworth himself. We find he says in the Report of the Aeworth Committee that he and some of those members of his Committee who agreed with him in recommending State management approached this question with a distinct bias in favour of company management. That is a fact which should be borne in mind, because it endows the recommendation of the majority of the Aeworth Committee with a special importance of its own. Sir, what are the considerations that led the majority of the Aeworth Committee to come to this decision? The majority of the Committee said that the system of company management in India has not been successful. They maintain that company management properly so called does not exist in India, that the companies have no real initiative, nor

has the Government who owns a very large proportion of the railway lines. Later on they say that freedom of private enterprise is non-existent and the establishment of companies with real independence is impossible and it is in fact not even proposed. Then they refer to the Indian demand for State management. They say that Indian public opinion is practically unanimous in demanding that the owner shall manage directly. They then come to the conclusion that no scheme for the establishment of Indian domiciled railway companies is acceptable and that not until they are relieved from all reasonable loss will shareholders subscribe at all. Even when so relieved they will only subscribe relatively small amounts. Such small amounts would not justify entrusting them with substantially independent management; and unless the management is substantially independent, the justification for the existence of a company disappears. And, therefore, approaching the question not as one of national sentiment but purely from the practical point of view the Committee find themselves in agreement with the almost unanimous opinion of Indian witnesses, and recommend that the undertakings of guaranteed companies, as and when the contracts fall in, be entrusted to the direct management of the State.

Sir, the Acworth Committee referred to the remarkable unanimity of

12 Noon.

Indian public opinion in this matter. We are glad to find that this unanimous public opinion has been

supported by the various Local Governments. As I have already said, the Government of India consulted the Local Governments in regard to this question; and I find that in reply the Madras Government say that they are strongly in favour of the system of State management generally. The Government of Bombay say that they want the management of the East Indian Railway and the Great Indian Peninsula Railway to be taken over by the State. Then the Government of Bihar and Orissa point out that the right and proper solution is to be found in the assumption of direct control by the State. The Government of the Central Provinces are in favour of State management. The Government of the United Provinces are divided on this question, His Excellency the Governor and the European Member of the Executive Council being in favour of Company management, and the Indian Member of the Executive Council, the Honourable the Raja of Mahmudabad, and the two Ministers being in favour of State management. I do not find the opinion of the Government of Bengal or of the Punjab in the collection of opinions that was placed on the Library table in response to a request of mine; but I find that in a written statement which was placed before the Acworth Committee the Government of Bengal pledged themselves in support of State management. When we come to Assam, we find that the Government of Assam recommend Company management for these two lines, and I very gladly make a present of the Assam opinion to my Honourable friend, Sir Deva Prasad Sarvadhikary. (*Sir Deva Prasad Sarvadhikary*: "I thank the Honourable gentleman for the present") Sir, a good deal of misapprehension seems to prevail in regard to the question as to whether or not State management of railways is quite as efficient and as economical as Company management. In regard to this matter, I think we have got only expert opinion that we could possibly expect in the circumstances, namely, the opinion of the Railway Board in favour of, or at least not against, State management. We find that in their written

statement before the Acworth Committee and in their oral evidence before that Committee, the Railway Board maintained that there was absolutely no distinction between State management and Company management so far as efficiency and economy were concerned. We find further that in a Despatch to the Secretary of State in 1917 the Government of India unanimously held this view. I hope that they are not going to resile from that position to-day. Sir, efficiency and economy are very good things indeed, but they must be judged with reference to the immediate aim that we have in view. We must not make a fetish of efficiency and economy. Sir, the main purpose of railways, I maintain, is to develop the resources of the country and to promote the economic well-being of the people. Have the railways, in following the policy that has hitherto been followed, been successful in fulfilling this main condition? (*Mr. J. Chaudhuri*: "To a great extent.") I do not think I am in the wrong when I say that the railway policy in India has so far been directed not so much in the interests of Indian industries, not so much towards the promotion of the well-being of Indians, as in the interests of British manufacturers and British interests generally. (*Sir Montagu Webb and other Honourable Members*: "No, no, no, no!") Sir, in the discussions, to which I made reference, which the old Imperial Council had on this subject, our late lamented friend, Sir Vithaldas Thackersay, and another equally great authority on this question, Sir Ibrahim Rahimtolla, referred to many instances in which the railway policy has been instrumental in handicapping Indian industries. And those who care to go through the voluminous evidence before the Indian Industrial Commission that was presided over by Sir Thomas Holland, will find that there is ample evidence in that showing how the railway policy has been directed towards the handicapping, if not killing actually, of certain industries in India; how the rates have been manipulated with a view to give foreign imports preference over indigenous industries; how the rates have been manipulated to favour the export of raw materials from India. Now, Sir, these charges, the Acworth Committee admit, Indian opinion takes to be absolutely established.

Sir, what is the alternative scheme of management that has been suggested? The alternative is, management by Companies domiciled in India. The other alternative systems advocated by different sections of opinion, I think, were rejected by the Acworth Committee and are not before the Government, so far as I know. Now it is useful to remember that so far as the management of Indian railways by Companies domiciled in India is concerned, the Boards of the Companies, the Home Boards, I mean, are unanimously against such a scheme. They say that such a scheme of management in India by Companies domiciled in India combines the disadvantages of both State management and Company management without the advantages of either system. Sir Walter Lawrence, who is a Director of the Madras and Southern Mahratta Railway and of the Assam Bengal Railway, said that if the present policy were to be changed, he would prefer State management. The question was 'would you give preference to the State management?' The answer was, 'In Indian interests, it would be better to do that, because we do not hold enough capital and the predominant partner can always check us.' Then the Chairman put another question: "are we to take it that the development of Indian national senti-

ment has caused you to change your view expressed 12 years ago?" The answer was: "Yes, my view is this; if you want to switch Indians from politics, you have to give them something to do and here is this spectacle which you see going through these many thousands of miles of railway. There is not a single Indian who has any direct interest in the railway." Then Mr. Rendell and Colonel Huddleston who are connected with certain Companies as Directors said that the third proposed alternative, that is to say, management through the agency of an Indian Board, appears to combine the faults of both and the merits of neither system. Mr. Rendell says, "I should undoubtedly transfer the management of railways to the State. I should have an honest State railway. You must run railways in India on bureaucratic lines, to my mind, and if the thing is done in India, we had better leave it in the hands of Government." Then Colonel Constable and Sir Donald Robertson, who are also associated with certain Company-managed lines, said:

"if there is to be a change, the railways should be handed over not to companies in India, but to the State direct. That is what we think. I think all the companies practically think that."

And then it was pointed out that all the companies had discussed this question together and come to the same conclusion.

Sir, reference has been made to the drawbacks of the State system of management by no less an authority than Sir George Godfrey, Agent of the Bengal Nagpur Railway. He thinks that it is only theorists and political socialists who favour State management. Practical men whether in politics or in business favour Company management. I would ask the Honourable Members of this House not to be classed among Sir George Godfrey's practical men for this purpose to-day. I suppose that Sir William Acworth and the Directors of the Indian Railway Companies whom I have quoted just now are not political theorists or socialists. Sir, one of the objections against State management which has been magnified beyond all proportion by Sir George Godfrey is that a system of State management will import politics into the administration of the railways. Sir, if we go through the evidence that was given before the Acworth Committee, and also the evidence that was given before the Indian Industrial Commission, we come across numerous instances in which considerations other than of pure business principles determined the policy of the railways. You will find that an Indian gentleman giving evidence before the Acworth Committee referred to certain cases in which it was impossible for Indian owners of collieries to get sidings, because they were Indians; and in one instance particularly it was pointed out that half the share of a colliery had to be sold by an Indian proprietor to an European at a nominal price in order to enable him to obtain a siding. Reference is also made to the fact that it is racial considerations that determine the distribution of wagons among the collieries, and while every European colliery could expect a due supply of wagons the Indians could not. These are certainly not questions of politics! If you ask for redress of these grievances, it is only then that it becomes a question of politics. Now Sir, when the railways pursued a policy that had the result of handicapping Indian Industries to the benefit of the English commercial interests, that is not to be classed

as political! If you ask that the Indian interests should be safeguarded in this matter, if you ask that the railway policy should be so directed in future as to assist in the development of Indian industries even at the sacrifice, if necessary, of British interests, then it becomes politics! Sir, if you ask for the redress of grievances of Indian travellers who are often subjected to humiliating treatment at the hands of European and Anglo-Indian officials of the railways, then it becomes a question of politics! So long as you do not complain, it is not politics. Sir, I am convinced that Sir George Godfrey's objection to State management really springs from a guilty conscience, from knowledge that the railway policy in the past has been inimical, deliberately inimical, to Indian interests and that they have done deliberate injustice to India. (Sir *Montagu Webb*: "Nonsense.") It is an unpleasant truth. The real secret of the opposition is, that you are afraid that Indian public opinion, as represented in this House, might assert itself and put an end to the policy, the iniquitous policy, followed so long. That is really the secret of this opposition. Sir, I beg to commend my amendment.

Dr. H. S. Gour (Nagpur Division: Non-Muhammadan): Sir, in moving my amendment I shall not be understood to oppose the basic principle which has moved my Honourable friend, Mr. Neogy, in tabling his own amendment. I am entirely at one with him on the abstract question of State *versus* Company management, but I shall presently disclose certain facts and ask the House to decide between his amendment and mine. The Honourable Mover of this amendment has castigated all his opponents as temporizers. He has wound up his speech by saying, "let us not be practical men." Well, Sir, if I have to temporize because I am a practical man, I am not ashamed of temporizing. In dealing with this railway question we must not be pure sentimentalists. We must deal with this question as men of commonsense and as men of business. It is from that point of view that I shall present my amendment for the acceptance of this House. I have said that, generally speaking, I am in entire sympathy with the Mover of the amendment. I entirely agree with him that where the railways are entirely or almost entirely the property of the State, it is the State who should manage its own property. The position of other countries which has often been presented to us by way of illustration affords no parallel. In England we have company management because all the railways are owned by the companies themselves. In Germany and in Japan we have State management because all the railways are capitalized and owned by the State. Consequently the success of Germany or the failure of Company management elsewhere affords no parallel to the railway management in this country. The railways in India are almost exclusively the property of the State and yet it happens that these railways are leased out to English domiciled companies who have very little stake in the capital of the company concerned for the purpose of management and upon terms which I cannot but describe as unjust and inequitable, because, while they are entitled to participate in the profits, they are not liable for the resultant losses which are thrown on the tax-payer. That is a position which has given rise to a volume of opinion in this country against Company management, and I submit the very strong expression of opinion adverted to in the Acworth Committee's Report and on the platform and in the press is due to this fact, as also to the fact referred to by my Honourable friend, Mr. Neogy, that these railways

have become the monopoly of a certain class, of a certain race who are employed in all the highly paid appointments, and the Indians who ought to be employed in the superior service of the railways are relegated to positions of subordination and servility. While a large number of the travelling public are Indians, the guards, drivers, station-masters and ticket collectors and everybody constituting the controlling staff of the stations is either a European or an Anglo-Indian. (*Mr. R. A. Spence*: "What about the Bombay, Baroda and Central India Railway?") Now, these are things which have impressed themselves upon the people and they have decided that as the railways belong to them, they and they alone shall manage them in the interests of the people and of the State. When I hear my friend, the Mover of this amendment, speaking eloquently on the subject of State management I have no doubt that the sentiments which have prompted him to advocate State ownership and State management are partially, if not entirely, due to the feeling I have described. I have said at the outset that I am in entire sympathy with his feelings. But if we descend from the general to the particular, what are the facts? We have in this country eight State-owned railways. They are all for the present leased out to companies for the purpose of management. Of these eight railways the contract with the East Indian Railway expired in 1919, and it was extended for a period of five years, which will expire on the 31st December 1924. The contract with the Great Indian Peninsula Railway given in 1900 for 25 years will expire in 1925. These are the two railways covering about 6,000 miles, whose contracts will expire next year and the year after the next.

I now give the periods when the contracts of the other six railways will expire. The next that will fall in will be the Burma Railways in 1928; the contract with the Assam-Bengal Railway will terminate in 1931, with the Madras and Southern Mahratta Railway in 1927, with the Bombay, Baroda and Central India Railway in 1941, with the South Indian Railway in 1945, and lastly with the Bengal-Nagpur Railway in 1950. Therefore of all these State railways, the two trunk lines, the most important lines of which the contract will terminate next year and the year after the next are the East Indian Railway and the Great Indian Peninsula Railway; and it is with reference to these two railways that I have given notice of my amendment in which I ask as follows:

"That all the words from the words 'the Indian Railways Act' to the end of the Resolution be deleted, and the following be substituted in their place:

'on expiry of their leases, both the East Indian Railway and the Great Indian Peninsula Railway be taken over for management by the State.'"

I have already pointed out, Sir, that there is very little difference in principle between my friend, Mr. Neogy's amendment and mine. The only difference is that I do not want this House to decide upon a question which will arise for practical consideration in certain cases as late as 1950 and in the majority of cases in the years which I have mentioned. Those are questions which, I submit, must be decided in the light of the experience gained during the interval of State management of the Great Indian Peninsula and East Indian Railway Companies. On this point there cannot be any difference of opinion. The majority, at any rate, five members including the Chairman, of the Acworth,

Committee, speaking of State management of railways point out that so far as State management of railways is concerned, it is at the present moment and as regards these two railways a matter which admits of no choice. But at the same time the Chairman and his colleagues point out that if it were possible to start a genuine indigenous company to take over not merely the management but also the capital of these two companies this question would assume a different aspect; and with reference to this suggestion the Minority Report says: "We should not decide the question of State management as regards these few railways because it is impossible to foretell what may be the opinion on these matters 15 or 20 years hence in India, Europe, or the world generally," and they say it would be unwise at the present juncture to commit the Government of India to a permanent policy of State operation. Honourable Members will see that the financial position of the country at the present moment is not favourable to the flotation of a company that will take over the capital of the Great Indian Peninsula and East Indian Railways. But in the case of the other railways, the Burma Railways and the other railways I have mentioned, years after it may be possible to raise capital in this country and to form independent and indigenous companies not only merely to own but also to take over the management of these railways, and it is upon this ground that I think it would be premature to commit this House to the policy of State management without adverting to the facts which may hereafter induce us to change our views. It is on this ground, Sir, that I have ventured to differ from my Honourable friend, Mr. Neogy. As I have said before, and I repeat it, that if the question was an urgent one, as urgent as it is in the case of the East Indian Railway and the Great Indian Peninsula Railway, I should unhesitatingly vote with my friend in favour of State management. It is a well known fact, a fact which Honourable Members will find stated by witnesses after witnesses and summarised in this Report, that State management would lead to the unification of railways, to the centralisation of control, to the elimination of conflict of interests, to the placing of favourable contracts, and last but not least, to the removal of colour bar. These are all considerations which weigh with me, and I have no doubt that they will weigh also with the House. But the only point upon which I venture to differ from my Honourable friend is that we should not lay down a policy for 25 or more years in advance, when we shall be in a position to examine the situation as it may then present itself, and if the financial condition of the country then permits of the flotation of a company, we might be advised to entrust the management to a company. I understood my friend Mr. Neogy to suggest that State management is always to be preferred to company management. It is a notorious fact, and a fact which could not be denied, that State management can only be had in the last resort. State management is uneconomical, it cannot compete with a properly organized company. But when we advocate State management, it is not because we are enamoured of the State, but because we think that Company management has led to abuses which cannot be prevented, and that out of the two evils we prefer the lesser evil of State management. It is on these grounds, Sir, that I advocate the resumption of management by the State of the Great Indian Peninsula and East Indian Railway Companies. At the same time, I would ask this House to reserve its judgment as to the future management of the other railways when the proper

time comes for it. As I have said before, and I repeat it, that other things being equal, Company management would be far more preferable to State management. (*Cries of "No, no," from different parts of the House.*) We all know my friend, Mr. Neogy, has said so : we know, as a matter of fact, that if the capital of the railways in this country had been subscribed by the people of this country, they would have felt a far greater personal interest in the administration of the railways than they do at the present moment, and let us hope that in the near future such a time may come when the people of this country will start their own companies and take over not only the management but the ownership of their lines. But can any one say what will be the situation 5 years hence, or 10 years hence, or 20 years hence or 25 years hence ?

- And unless Members of this House are prepared to dogmatise and assert that the people of this country will never be able to subscribe to the capital necessary for the purpose of owning these companies on the termination of their leases and to provide for their management, unless Members of this House are prepared to prophesy that such a state of things is not likely to come during the next quarter of a century, they cannot ask this House to commit itself to an unalterable decision that all railways hereafter shall be managed by the State. (*A Voice : 'Yes, in India.'*) I was only speaking about India and of no other country. I submit, Sir, that this is the sole point of difference between my friend, Mr. Neogy, and myself, and I leave the decision in the hands of the Honourable Members of this House. Sir, I move my amendment.

Mr. President : In order to make the Honourable Member's amendment more clear, is he prepared to move his amendment as an amendment to Mr. Neogy's ?

Dr. H. S. Gour : Yes.

Mr. President : Amendment moved :

"That all words after the word 'pleased' be omitted, and the following be inserted in their place :

'On expiry of their leases to take over both the East Indian Railway and the Great Indian Peninsula Railway for management by the State'."

Sir Campbell Rhodes (Bengal : European) : Sir, I beg to move :

"That for the words from 'the Indian Railways Act' to the end of the Resolution the following be substituted :

'before coming to a definite decision as to the best railway policy for India, it is desirable to continue for a further period of five years the principles both of State and Company-management, in order that :

(1) Experience may be gained as to the effect on the working of the existing State-managed lines of the Reform Scheme and of the present re-organisation of the Railway Board.

(2) The Company-managed railways may appoint immediately strong local boards in India consisting of an equal number of Indians and Europeans, such boards to have definite and growing powers on the understanding that within the five years they should abrogate to themselves the functions of the Home boards.

(3) It may be ascertained which method of management is calculated to produce the best results in regard to :

(a) Economical working ;

(b) The comfort of passengers ;

(c) The industrial development of the country ;

(d) The greater association of Indians and Anglo-Indians in the higher administration of the Railways.'"

Sir, I cannot congratulate the advocates of State management on the speech which has fallen from my Honourable friend, Mr. Neogy. This House has high traditions, and I hardly think it is in accordance with those traditions to use it as a sanctuary for charges against people, charges of criminal misappropriation for which he has given no data and where he has mentioned no names. I can, however, congratulate the advocates of State management on the advocacy of my friend, Dr. Gour. When there is nothing to be said for a subject I know of no better advocate for he says it with so much zeal, so much eloquence and convinces us so readily. Mr. Neogy says that the analogies of other countries are out of place. Sir, I am going to bore Mr. Neogy. In the Acworth Committee's Report, reference is made to the experiences of other countries :

"268. We will now allude briefly to the conditions in a few important countries where State management exists. The Swiss Federal railways in seven years (1914-20) have shown a loss of 200 million francs, say 8 to 10 million sterling. Before the war they were earning a small profit. Passenger fares have been increased by 40 to 60 per cent. Prior to 1914 and subsequent to the date of nationalisation there was a steady and often large increase in the cost of the staff and in the operating ratio. The Northern Railway of Austria, before it was taken over by the Government in 1906, paid a dividend averaging for the previous five years 12 per cent.; the Government succeeded in turning that profit into a loss. In Italy for a period of eight years from 1905, when Government took over the working of the railways, there has been a steady yearly increase in the operating costs and the return on the capital has declined. The South African railways show a loss of 2,000,000 £. on the last two years' working. The American railways are in such a bad way consequent on the period of Government control, that President Harding in a recent address to Congress, after referring to the "heedlessness of cost of Government operations," emphatically asserted that there would be a foundation for rebuilding after the past disaster, if it was clearly understood that there would be no State ownership, and that the people would not be taxed to cover railway deficits. This shows the trend of opinion in a democratic country."

Sir, in addressing the Government, the Bengal Chamber of Commerce quoted some other instances of State railway mismanagement :

"The examples of other countries show equally startling results. Probably no more striking indictment of State management has ever been written than that prepared by Mr. E. A. Pratt, the well-known railway economist, in discussing an exhaustive study of the State Railways of Belgium. a system often pointed to by those who favour nationalisation. Amongst the primary evils he emphasises that of excessive centralisation, the higher cost of staff, and the absence of the elements of competition and initiative. He tells how amendments to the railway budget of 1905 would have augmented the payments for salaries and wages by 40 per cent. and of how the Belgian Chamber discussed the railway budget for five weeks In Germany one of the chief conditions laid down by the German industrial magnates for advancing securities to the German State Railways is that, as far as possible, State-managed enterprises (including the German State Railways) should revert to private management. But most striking of all, perhaps, is the case of France, where a commission has recently been inquiring into the future management of the railways. The Chamber understand that this Commission have reported in favour of handing over the Western or State Railway system to a company, this proposal being preferred to an alternative proposal that the system should be put under a Board of Management with no direct financial interest in the working results."

And now I come to New Zealand and I should like to quote here a short passage from Lord Bryce's book which probably few of you have read . . .

"Two questions remain to be considered: the financial position of the Government railways and the service they render. The former is not easy to ascertain, because the form in which accounts are presented, with the habit of sometimes charging to capital what ought to come out of revenue, does not tell the whole story. It seems clear, however, that the lines have been, and are being, worked at a loss, i.e., the receipts do not cover interests on the cost of construction as well as all working expenses, so there is a loss to the general taxpayer. The explanation usually given, besides, of course, an admission of the errors which made the original cost greater than it ought to have been, and which also saddled the Department with unremunerative lines, is that the rates are kept low with a view to the development of the country and the benefit of the travelling public. As regards 'development,' this is a term wide enough to

cover expenditure on unprofitable lines, and one of the results of 'political' and otherwise extravagant railway construction and management has been to reduce those very railway receipts which might have been used for the building of new lines where they were really wanted. It is alleged that the higher branches of the railway service suffer because it is hard to promote the most capable men without incurring the reproach of favouritism, and it is further asserted that in the lower departments less work is got out of railway employees of all kinds than private employers obtain."

In the face of these extracts, I do not wonder that Mr. Neogy says that analogies of other countries are out of place. The Acworth Committee has given us no lead. Mr. Neogy's arithmetic is as bad as his logic. There was no majority report. The objections to State management mentioned by the five were as follows :

- "(1) constant transfers of senior officials, resulting in lack of continuity of policy ;
- (2) the tendency to give promotion on the grounds of seniority alone without sufficient regard to efficiency or local knowledge ;
- (3) disregard of public opinion ; and
- (4) lack of initiative and flexibility. Further, as regards the co-existence of company-managed railways and State railways, it is urged that improvements in the administration of State railways which have been effected during past years are mainly due to the emulation inspired by company management ; in other words, that the initiative lies with the company-managed railways, and that emulation and comparison provide healthy results in the case of State-worked lines."

Well, Sir, now let me take the arguments of the Acworth Committee in favour of State management. They say in paragraph 223 :

"Even if we were to assume that State management would not be better, we are quite sure that its failures would be judged more leniently by the Indian public."

This, Sir, is putting in another way what Mr. Neogy has put much more eloquently when he says : "let us not make a fetish of efficiency." I suggest, Sir, that such a sentence in a serious report is to condemn the whole report for prompt consignment to the waste paper basket.

Well, Sir, we now turn to the unanimous conclusions. These are primarily in Nos. 2 and 3 :

"2. We recommend that, on the one hand, the reconstituted Railway Department should delegate considerably increased power of day-to-day management to the local railway administrations, and on the other hand should be relieved from control by the India Office and by the Government of India except on large questions of finance and general policy.

3. We recommend that the Finance Department should cease to control the internal finance of the railways"

Sir William Acworth's section of the Committee recommended State management, but they were careful to say, in paragraph 228 :

"It is not State management as it has hitherto existed in India, whose functions we recommend to be so greatly extended."

Then, what is it ? The Honourable Mr. Innes has put down a Resolution for to-morrow's debate the meaning of which, I understand, is that the financial recommendations of the Acworth Committee are not to be carried out. We have therefore not got the State management which Sir William Acworth recommended. What again, Sir, is the position of the new Chief Commissioner of Railways ? Though this is a controversial subject I think the whole House will agree with me that in the selection of Mr. Hindley as Chief Commissioner the Government have found the very best man they could find in India or possibly in any other country. (Hear, hear.) I am glad to hear the

House approves of that. But I want to go one step further. I want to go into Mr. Hindley's antecedents. Where did Mr. Hindley come from? Mr. Hindley got his training in one of those inefficient company lines.

What are Mr. Hindley's duties? I understand in front of him he has the Assembly wanting to know—if Dr. Gour will excuse the reference—why a certain shed foreman on the North-Western Railway was not paid his gratuity and also wanting to know why certain trains have been taken off in Southern India, and behind him he has the Government and the Secretary of State. Well, Sir, I do not share Dr. Gour's childlike faith in the Government and His Majesty's Secretary of State. And what is the Assembly's position? It has been admitted by one of the chief advocates of State management that it will cost more money. Mr. Neogy, I gather from his remarks, is of the same opinion.

In that case, we shall have to find the money, and we shall have to put up more money and stop the development of the country for this new toy of State management like New Zealand, South Africa and the other places I have mentioned. (*An Honourable Member*: "Is it a new toy"? *Another Honourable Member*: "Is it not old?") Mr. Neogy has made a charge that the lines of the present companies are being run to help the import trade from other countries. Well, Sir, I submit that he wants to go a step further and help them a little more. Sea freights are falling every day. If railway freights go up, obviously the advantage will be in favour, for instance, of Belgium or German steel against Tatanagar, and therefore, if, as so many of us think and as Dr. Gour fears, State management is going to cost us more, we are going to increase those very evils of which Mr. Neogy speaks so eloquently. His advocacy of State management is to find employment for more Indians. The humdrum of employment in State service, promotion by seniority, no promotion by merit, no weeding out of bad men . . .

Now, Sir, I turn to State management. I have pointed out that we have not yet had the State management which the Aeworth Committee suggested. We have not even got it to-day, and therefore, my amendment is to the effect that we should not transfer all our Railways to State management until we see what that State management is. We have not had the Company management which I visualize in my amendment. We are all agreed that we do not want Home Board. We want our Boards out here as fast as we can train our Directors and it does take time to train Directors to the efficient management of a Railway Company. We want to harness our business men and in the five years I suggest it ought to be possible to train up our new Directors to their new responsibilities. I would go further than that. If I had my way, I would immediately send Home to the London Board a liaison officer in the shape of some Indian expert in Railway affairs.

My amendment, therefore, Sir, is to run both side by side until more experience has been gained. This is not, as Mr. Neogy suggests, a racial question. The Resolution passed in January by the Associated Chambers of Commerce was proposed by his very distinguished fellow-countryman, Sir Rajendra Nath Mookerjee and it read as follows :

"This Association re-affirms the Resolution in this connection passed at the annual meeting of the Association in January 1922 ; and, in view of the proved disadvantages in almost all

countries where it has been adopted, of the system of State Railway Management, and the growing tendency to revert to a company-managed basis, the Association strongly recommends that those railways in India which are now managed by companies should continue to be under Company Management with Boards domiciled in India and should not be transferred to the direct management of the State."

I believe, Sir, that this demand for nationalisation is an altogether false premises. It is based entirely on the idea that nationalisation and nationalism are synonymous terms. I suggest to the House that they are nothing of the sort. One spells bureaucracy and the other democracy, and I will leave it at that.

Mr. President : Further amendment moved :

"Before coming to a definite decision as to the best railway policy for India, it is desirable to continue for a further period of five years the principles both of State and Company management, in order that :

(1) Experience may be gained as to the effect on the working of the existing State-managed lines of the Reforms Scheme and of the present re-organisation of the Railway Board.

(2) The Company-managed railways may appoint immediately strong local boards in India consisting of an equal number of Indians and Europeans, such boards to have definite and growing powers on the understanding that within the five years they should abrogate to themselves the functions of the Home boards.

(3) It may be ascertained which method of management is calculated to produce the best results in regard to :

(a) Economical working :

(b) The comfort of passengers ;

(c) The industrial development of the country ;

(d) The greater association of Indians and Anglo-Indians in the higher administration of the Railways."

The Honourable Mr. C. A. Innes (Commerce and Industries Member) :
Sir, there are now three amendments before the House and I think it will be convenient if at this stage I define the attitude which Government desire the House to take up. I do not propose to deal at any length with the amendment proposed by Mr. Neogy. I entirely agree with Dr. Gour that at this stage it is unwise and unnecessary indeed for this Assembly to attempt to lay down for ever what should be our right policy in regard to Railway management. As Dr. Gour has pointed out, some of our existing contracts with some of our existing Companies do not expire till 1941, 1945 and 1950. Is it any

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use for us to-day to try to dictate to our successors what view they ought to take when those contracts expire? No responsible man, Mr. Neogy least of all, would suggest that in pursuance of the policy which Mr. Neogy desires to see adopted we should terminate, before their termination is due, the existing contracts. (Mr. K. C. Neogy : "I did not say that.") I am sure Mr. Neogy would not say that, and that being so, is it not wiser to leave it to our successors to decide that question for themselves? They will not pay the slightest attention to anything that we may say to-day. What they will look at will be the experience they have gained in the period which will intervene before the contracts expire. That being so, I suggest to the House that we should confine ourselves to-day to discussing the real practical issue, namely, the issue raised by Dr. Gour's amendment. That amendment raises the question of what is to be the future management of the East Indian Railway and the Great Indian Peninsula Railway when their contracts expire in 1924

and 1925. It puts in a more concrete form the general question of policy. When we are discussing this concrete question we can discuss also the general question of policy.

Before I go on, I think that I should clear the ground in one material respect. We will all agree I think with the unanimous recommendation of the Aeworth Committee that as the existing contracts of the guaranteed companies expire the management and control of those companies should be transferred to India. Even though Sir Campbell Rhodes' amendment asks that the transference should be gradual, it does not derogate in any way from the principle which I have enunciated, and I am perfectly sure that that principle will secure general acceptance. Before I pass on, I should like to say one thing. Though we arrive at the conclusion that the system of guaranteed companies with Boards located in London are no longer suited to modern conditions in India, let us not forget that these guaranteed companies with their Home Boards have played a very great part in the development of the Indian railway system, and I should be very sorry indeed if anything that I have said to-day, might be thought to belittle that part or in any way to belittle the services which have been rendered and are being rendered to-day by the servants of those companies in India. Those services are very often criticised, often I am afraid maligned, and I am glad to be able to take this opportunity of saying that in my opinion there is no more hardworking body of public servants and no body of public servants which deserves better of the State.

As I have said, Sir, this amendment of Dr. Gour's raises in substance, if not in form, the whole question of the State *versus* Company management. There is no question on which public opinion is more sharply divided and there is no question on which feeling runs higher. If we may judge by Mr. Neogy's speech, if we may judge by the evidence tendered before the Aeworth Committee, and if we may judge by the replies which we received to our circular of July last, I think we may take it that Indian opinion generally has ranged itself in favour of State management. European opinion, or at any rate, European business opinion has ranged itself in favour of Company management. (*Rao Bahadur T. Rangachariar* : "Not entirely. Karachi does not.") I will leave Sir Montagu Webb to answer for Karachi. It seems to me essential that the two schools of thought should try and understand one another's point of view and I have been at considerable pains both in the Central Advisory Council and elsewhere to try and ascertain the reasons which each school has for the faith that is in it. I take the Indian view first.

In the first place, I think most Indians and I am prepared to agree that it is the theoretically correct view,—many Indians think that railways perform public services of such immense importance to the public that they ought to be managed by the State in public interest. They ought not to be managed by companies for the benefit of their shareholders. There is the sort of feeling that Company management connotes exploitation of the public for the benefit of the shareholders and this feeling, as Mr. Neogy's speech has shown, is accentuated in India by the fact that the companies are directed from London. It is believed that the Indian public is exploited for the benefit of the British shareholder. Then it is hoped that by bringing these railways

under State management they would be brought more under the influence of public opinion in India as expressed in this Assembly, and that the pressure of this public opinion and the pressure of the Assembly will tend to the removal of certain grievances which the Indian public generally has against the railways. It is believed, as Dr. Gour has said, that the railway services, especially the upper grades and the upper subordinate grades of those services, are the close preserves of the Europeans and the Anglo-Indians and that Indians do not get a fair share of the appointments in those grades. It is also believed that popular control will ensure that railway rates are not manipulated directly against Indian industries—I am merely stating the belief. I do not for a moment admit that railway rates are in any way manipulated either for imported goods or against Indian industries. That is the belief, and it is believed that popular control will prevent the Indian railway rates from being manipulated so as definitely to handicap Indian industries. Again, national sentiment comes into play. It is felt that the Indian railways are essentially India's own concern and the demand is made that India should be allowed to run her railways in her own way. It is believed that a great majority of educated Indians are in favour of State management, and that is in my opinion one reason why the demand for State management is so strong. Finally, of course, those who hold the view in favour of State management have derived great support from the report of the Acworth Committee.

The European business opinion takes a more detached, and I think I may say, a more practical view of this very vexed question. They regard the railway as essentially a method of transport and an instrument of commerce. The watchwords of the management of a railway should be efficiency and economy, that is, in other words, the railways must be so run as to render the best possible services to the public at the lowest possible rates. Now, Sir, there is not a vaster or a bigger commercial undertaking than a railway, flung like the East Indian Railway or the Great Indian Peninsula Railway, across half a continent, carrying millions of tons of goods and millions of passengers a year and coming into contact at every turn with the public. The European business community believes that only a company can successfully run a commercial undertaking of this magnitude. The Directors are themselves financially interested in the concern. The pressure of the shareholders makes for economy. The pressure of public opinion,—and mind you, public opinion is making itself more and more felt in India now,—makes for efficiency. Bureaucratic management, it is said, can never be real business management. It cannot dismiss or promote servants with ease. It is not elastic enough. It is bound by red tape and by meticulous rules. As Sir Campbell Rhodes has pointed out, this view is supported by the experience of practically every democratic country in the world. In practically every democratic country where State management has been tried, it has resulted in inefficient service and multiplication of staff and in the railway becoming a burden upon the tax-payer. Now, Sir, I think what I have said is a fair summary of the views of the two schools of thought. Partly it is a difference of outlook and temperament. Every Englishman has a lurking distrust of his own Government. He regards Government as a necessary evil to be kept in its place and he regards with the utmost suspicion the intrusion of Government into the domains of commerce and industry. Possibly for histori-

cal reasons the Indian does not seem to have the same distrust of the Government.

I feel that I have skated very superficially over a very difficult and a very big subject. But the point I have to make now is that the issue to-day is not a clear cut issue between State management and real Company management. Had that been the issue we know perfectly well on which side Sir William Aeworth would have come down. As Mr. Neogy put it, Sir William Aeworth is the great protagonist against State management. He has written a book upon the subject and a more damning indictment of State management was never penned. Yet so far as India is concerned, Sir William Aeworth came down in favour of State management. That is a very remarkable fact but the reason is not far to seek. The main burden of that part of Chapter VII of the Aeworth Committee's report which was written by the Aeworth half of the committee is that guaranteed companies in India are not real companies and that they do not give India the benefits of real Company management. This disability is inherent in the system. Government owns the railways, Government finances the railways, Government cannot divest itself of its responsibility for the railways and therefore Government can and must exercise control—control not only in matter of policy but in matters of details such as scales of pay. The result is that we fall between two stools according to Sir William Aeworth. Government ownership, Government finance and Government control deprive the companies of all real initiative. On the other hand by reason of the interposition of the Companies, Government themselves do not feel bound, to take the initiative. If they did, they might be hampered by the measure of power which the companies enjoy. Hence Sir William Aeworth arrived at the conclusion that the present system is logically indefensible and that it is unsatisfactory in practice. He and his colleagues saw no prospect of being able to replace that system by real companies and therefore by the logic of his own argument he was driven to come down in favour of State management as on the whole the right form of management for India. His conclusion was that since it was a choice between whole-hearted State management and Company management so controlled, so hampered, and so diluted as hardly to be worth the name of Company management, his conclusion was that he would prefer State management. Well, in the form in which his argument has been put, I do not think that there is any gainsaying it. I am prepared to admit that logically it is difficult to defend the existing system of Company management in India. Whether that system has been so unsatisfactory in practice is a very much more arguable point. In fact the Aeworth half of the committee contradict themselves on this point. In paragraph 212 of their Report, they find that Company management has been unsatisfactory in practice. In paragraph 230, they devote themselves to proving that there is no reason to believe that State management in India has proved itself less efficient and less enterprising than Company management. In fact the argument may be stated thus. Logically the Company management cannot be defended in India. In practice it is no more efficient than State management. Indians are hotly in favour of State management. Therefore let us go in for State management. I think it is a fair summary of the argument of the Aeworth half of the Committee.

But, Sir, I think there is an obvious flaw in that argument. Personally I am prepared to admit that as things are at present there is not much to choose between State-managed railways and Company-managed railways, and if things were to go on in India in the future as they have gone on in the past I do not think that it would matter so very much whether we embark on a policy of State management or continue the existing guaranteed companies. In that case the main objection to universal State management would be the enormous, I may say, the intolerable burden it would throw upon the railway commission at headquarters. I should like this House to realise that I do not believe that there is any officer in the whole of India on whom a greater burden of responsibility lies even at present than my friend, the Chief Commissioner for Railways and you must always remember that as you extend the system of State-managed railways *pro tanto* you add to that burden. Where you have a Company railway, you have at any rate a Board of Directors and to that extent you take away some of the burden from the Chief Commissioner. But, Sir, though I am prepared to admit that as things are at present there is not much to choose between Company railways and State railways, yet we have to look to the future. India is changing. Her constitution is bound to become more and more democratised. This Assembly is bound to become more and more a popular Assembly and the Railway Commission is bound to become more and more subject to pressure from this Assembly. Now, Sir, Sir Campbell Rhodes has given many instances of the experience gained of State management in other democratic countries. I will content myself with giving only one. As I have said I do not think there is any democratic country in the world where State management has proved anything but a gross failure. Let me read the conclusion of Sir William Acworth himself in his book 'State Railway Ownership.' He writes as follows: 'Professor Hertzell has summed up the conclusions of the Italian Railway Commission based on the railway experience of the world as it existed 45 years ago.'—I hope Mr. Neogy will listen very carefully—'(1) Most of the pleas for State management are based upon the idea that the State would perform services much cheaper than they are performed by private Companies. This is a mistake. The tendency is decidedly the other way. The State is much more likely to attempt to tax industry than to foster it. (2) The political management is more costly than private management. (3) The political dangers would be very great. Politics would corrupt Railway management and Railway management would corrupt politics.' Sir William Acworth goes on: 'and the conclusions of the Italian Commission still seem to stand firm. The essential lesson of history may be said to be this. It is impossible to obtain satisfactory results from Government railways in a democratic State unless the management is cut loose from direct political control.' I am aware, Sir, that the Acworth Committee make a passing reference in paragraph 233 of their Report to the experience of other countries. It is said that that experience is irrelevant, that we are concerned now with the future policy of Railway management in India, in India's own conditions. That may be so, Sir, but I cannot see myself any reason why India can afford to neglect or to shut her eyes to the experience of other countries. I have shown that India must become more and more democratized. Sir William Acworth himself has stated that it is impossible to obtain satisfactory results from

Government-managed railways in a democratic State unless the management of those railways is entirely divorced from political control. Now, Sir, is this Assembly, unlike any other democratic Assembly in the world, is this Assembly likely to relax its control over the railways? If so, what becomes of those aims and objects on which Mr. Neogy has laid such stress : the Indianization of the services, arrangements for rates so as to favour Indian industries, and so on ? I ask this House, Sir, is there any reason why the universal experience of State management in other democratic countries should not be repeated in India? The Acworth Committee was on stronger ground when it laid stress on the logical position. It is perfectly true that the State in India does own in whole or part the railway lines. It is perfectly true that our guaranteed Companies are not real Companies : they are rather anæmic Companies. It might well be argued that the whole of our policy in regard to these guaranteed Companies in the past has been definitely directed to one logical conclusion, namely, State management, and it is also perfectly true that it is easy enough to argue against State management ; but the real difficulty begins when you try to find an immediate satisfactory alternative to State management.

That, Sir, brings me to the problem which we are discussing to-day,—the problem of the form of management we are to introduce when the existing contract of the East Indian Railway expires in 1924 and when the contract of the Great Indian Peninsula Railway expires in 1925. Are we to take these two railways under direct State management, or are we to entrust them to a Company, and if so, to what type of Company? Sir Campbell Rhodes, Sir, if I may say so, has practically given up the problem in despair. His amendment is merely a plea for delay. (*Dr. H. S. Gour*: “For only five years’ delay!”) And perhaps, Sir, it will be convenient if I just state very briefly my objections to this amendment at this stage. Personally, I doubt very much whether clause (2) of the amendment could be carried out in practice. As I understand the amendment, the existing contracts are to be extended for five years. During the course of those five years the Home Boards are, so to speak, to transfer their functions to India ; they are gradually to transfer their functions to Subsidiary Boards in India. Well Sir, these Directors are after all responsible to their shareholders for the proper management of the Company, and I doubt very much myself whether any Board of Directors would be content in this way to transfer their functions to any other Board in India. Again, Sir, personally, I do not like these short-term contracts. Especially in the case of the Great Indian Peninsula Railway, where the shareholders own some £2,575,000 worth of shares. If we are going to have a short-term contract of that kind, obviously the interests of your shareholders are not the interests of the Government ; there must be a conflict of interests. In railway management you have to take long views, and if you have a contract extending only for five years, the interest of the shareholders is to get as much revenue as possible. *Dr. Gour*, Sir, arrived at the conclusion that he had come to favour State management merely because there was no other course open to him. He regards State management as the lesser of two evils ; and I see, Sir, from the number of amendments of which notice has been given to-day that the minds of very many Honourable Members of this House have been exercised over this very difficult problem of the alternatives to State management, just as our own minds have

been exercised. Government have done their best to find an alternative to State management, and I may as well admit at once that we have failed. The House will no doubt recollect that when we addressed Local Governments in July last on this question, we attached to our letter two tentative schemes of Company management. Scheme No. 2 was, in effect, an attempt merely to transfer to India the same type of Company as we have now with an English domicile. Nobody could pretend that a scheme of that kind would give us real Company management, and as a matter of fact the Chambers of Commerce throughout the country practically passed over the scheme in silence. The other scheme is a more promising scheme. It suffers from certain disadvantages, but it does represent a real measure of real Company management. But I do not think that even the representatives of the European business community in this House present here to-day would seriously contend that in the present conditions of the finances of India and the money market generally there would be any chance of floating a company on those lines successfully in India now. Accepting, therefore, as we do, the unanimous recommendation of the Acworth Committee that our policy should be, as the existing contracts come to an end, to transfer the domicile of these companies to India, we must admit that we have failed to devise any satisfactory alternative scheme to State management which we can introduce within the period of time which is still left to us. To this extent, therefore, State management seems to be inevitable. There is another reason why Government do not object it—I will not put it higher than that. For some months past, in fact ever since Mr. Bell, then President of the Railway Board, wrote a very valuable note on the subject in June last, our thoughts have been tending in the direction of grouping. We want to group our railways, so far as may be, into larger systems. We think it essential to bring down the cost of the administration, and, generally speaking, the larger the system the less the cost of administration and supervision will be in relation to the work done and the traffic carried. Therefore we have no doubt that we must make grouping a definite part of our policy and that we should take the opportunity offered by the lapse of these two contracts to initiate this policy of grouping. I do not deny that grouping between company railway and company railway is not impossible. At the same time it is obvious that grouping of this kind will be carried out ever so much more easily if you have the railways concerned under direct State management. I do not propose to go fully into detail, but I may say that our idea is that, when we take over the East Indian Railway we shall probably amalgamate it with the Oudh and Rohilkhand Railway, and we shall probably give the Great Indian Peninsula direct access to Allahabad by transferring to it the Jubbulpore-Naini section of the existing East Indian Railway. Those ideas, of course, are merely provisional. We have therefore decided that when the contracts of these two railways expire next year we must take them under direct State management. But I do not wish to be misunderstood. I am not making a statement of policy. I do not wish it to be implied that we are adopting this course because we are convinced that State management is the best form of management for India. On the contrary, many of us view the prospect that all our railways should be brought under direct State management with the grave concern. Let me repeat what I have already said before, namely, that experience does

show that the State does not and cannot manage railways more efficiently, more economically or with greater comfort to passengers or with quicker despatch of freight than company railways. And though we do not propose that all State railways should immediately be handed over to companies, we think that it will be necessary to maintain a substantial portion of our railway system under company management. We desire to adopt the course I have indicated in regard to the East Indian and the Great Indian Peninsula Railways solely for practical reasons: Let me repeat my syllogism. In the first place we are agreed that we have got to transfer the railways to Indian control as the contracts expire; secondly, we have failed to devise a satisfactory alternative to State management which alternative could be introduced within the time which is left to us before these two contracts expire; and thirdly, we believe that by a period of direct State management we shall be able to carry out a really useful measure of grouping. But the Government are opposed to banging and locking the door, so to speak, against a return to company management. In respect of these two railways the moment, it is true, is not propitious for floating a company, which must necessarily be a large company. But market conditions may improve, and I am not without hope that for the East Indian Railway at any rate we may be able to devise a scheme which will give India the benefits of real company management. I am less hopeful about the Great Indian Peninsula. But some of you may have seen the speech delivered by Sir Thomas Catto at the meeting of the Bengal Coal Company in December last. In that speech Sir Thomas Catto suggested that after various measures of grouping had been carried out means could be found whereby a real company might quite conceivably be formed to take over one or other of these groups. We intend to explore that possibility, and there may be other possibilities. I am quite sure that this House will agree with me that all possibilities of this kind must be explored. Let me appeal to the House to clear its mind to-day of all prejudice and preconceived ideas. Let me appeal to the House to clear its mind of those racial animosities of which Mr. Neogy, I was sorry to see, made some use in his speech. We have got to remember that the question we are discussing to-day is a question of vital importance to India. I hope that the House will consider dispassionately the bearing on India of the lessons which other democratic countries have learnt in respect of State management. Let not the House lay the flattering unction to its soul that by some peculiar virtue inherent in India India will be able to escape the common fate. Let me assure the House that as India becomes more and more democratised she will find State management more and more expensive, more and more inefficient, as every other democratic country in the world has found it. Let me remind the House of the experience of France in regard to that Western Railway to which Sir Campbell Rhodes referred. There we have an almost exact parallel. When, in 1909 I think it was, the question of that railway and State management was considered, the argument used was that, the company management was not proper company management; the company had never yet earned its guaranteed dividend and therefore it was a mere caretaker. And so the French Parliament decided to take over that railway. Within a few years the Minister of Public Works stated publicly that the experience of taking over that railway had proved that State management was nothing but "a

frightful fraud." Again, not long ago, a Commission had to be appointed to consider the future of this very railway. It rejected all schemes for keeping the railway under State management and entrusting its management to Commissions like Port Trusts. It decided and it recommended to the French Parliament that there was only one way of restoring that railway to efficiency and solvency and that was by leasing it or transferring it in some way to a company. Lessons of this kind stare India in the face. Is India going to shut its eyes to these lessons? I do not ask for very much. All I ask is that the House should not, as I have said, bang the door against any well-considered scheme for company management. It will be a company domiciled in India, an indigenous company. All the ideas, all the hopes and all the aspirations of India in regard to Indianization of the Railway Services will be fulfilled just as adequately by a company of that kind, an indigenous company, as by the State, and with, I am sure, very much less cost to the contrary. What I suggest and what I propose to the House and what I would ask Dr. Gour to accept—and mind you I am merely carrying out Dr. Gour's idea which he developed in the course of his speech that real company management would be very much better than any form of State management—Dr. Gour said that State management was merely the lesser of two evils—I suggest that at the end of Dr. Gour's amendment we add the following words :

"but that efforts should be continued to concert measures with the object of handing over one or other of the two railways after such grouping as may be necessary to an indigenous company calculated to give India the benefits of real company management."

The effect of that is that we take over the two railways in the first instance, but that we continue our efforts with the object of handing over one or other of them to a real private indigenous company.

Mr. President : The question is that for the amendment moved by Dr. Gour the following be substituted, namely :

"That before coming to a definite decision as to the best railway policy for India, it is desirable to continue for a further period of five years the principles both of State and Company management, in order that :

(1) Experience may be gained as to the effect on the working of the existing State-managed lines of the Reforms Scheme and of the present re-organisation of the Railway Board.

(2) The Company-managed railways may appoint immediately strong local boards in India consisting of an equal number of Indians and Europeans, such boards to have definite and growing powers on the understanding that within the five years they should abrogate to themselves the functions of the Home Boards.

(3) It may be ascertained which method of management is calculated to produce the best results in regard to :

(a) Economical working ;

(b) The comfort of passengers ;

(c) The industrial development of the country ;

(d) The greater association of Indians and Anglo-Indians in the higher administration of the Railways."

The Honourable Sir Malcolm Hailey (Home Member) : Watching the course of the debate in this House, I think I may say that since lunch time it has taken only one turn, for the House has discussed simply the alternatives between Dr. Gour's amendment and Dr. Gour's amendment *plus* Mr. Innes' rider. In other words, if I am correct, the larger question of the principle of State *versus* Company management has dropped out, and what

we are now considering is a choice of two somewhat narrow alternatives, which I would define as follows. If I say I am right in believing that Mr. Neogy's original proposition has dropped out of the minds of the House ... (*Honourable Members* : "No, no.") There seem to be five murmurs in favour of Mr. Neogy ; I see I was right, and Mr. Neogy's proposition *has* dropped out. Then what are we considering? Dr. Gour's amendment is that the Governor General in Council be advised to take over the East Indian and the Great Indian Peninsula Railways, that is exactly what the Governor General in Council has announced his intention of doing. That proposition then does not carry us very far. As to Mr. Innes' rider, the reason for putting forward this proposition is simply this, in the words that he used himself, that Government does not desire to be debarred from entering into the negotiations which would be necessary if a true Indian company were to be started to take over either of these Railways at a subsequent date, the only real issue is whether you desire definitely to force Government to the conclusion that any action taken on its part to negotiate for an Indian company would be subsequently disowned by this House. I ask the House to consider what substantial grounds it has for objecting to such a proposal. I am not going again into the larger question of State *versus* Company management. One might draw some amazing inference and some amusing conclusions if one did so. For a long time it has been part of my duty to defend the action of Government officials. It is now apparently the firm conviction of this House that the Government official is the only true business man, but I refrain from dwelling on the point. I lay however the greatest stress on this fact, that neither Mr. Kamat, Mr. Seshagiri Aiyar, or other Members who have spoken of the comparative attractions of State and Company management as applied to India—and I speak only of India—have so far been able to prove by any form of fact or figure that there is any advantage in State over Company management. The whole of the arguments used are *à priori* and based purely on theory. Now, there is in the minds of many of us, as in the minds of many speakers this afternoon a profound conviction that Company management offers many attractions. Let me take the first. It should relieve —this is a question which is of peculiar interest to me—it should relieve greatly your difficulty in financing your capital programme. That is to say, that, if you succeed in raising Indian capital for an Indian company, you will thereby relieve your own capital programme for other works such as Irrigation. In the second place, there is no doubt that it does offer the advantage of providing that incentive which is derived from competition with State working. Thirdly, it prevents the delays and other disadvantages likely to follow from excessive centralization at headquarters. On these grounds alone—and I am going no further than that—it would be unreasonable absolutely to close the door to negotiation for an Indian company. I am asked what we mean by an Indian Company. I think it is only necessary to quote the words of Sir Montagu Webb. An Indian company means obviously a company of which the capital is rupee capital, of which a proportion of the Directors are Indian Directors ; if capital comes from Home towards that company, it must come in the form of rupees ; you cannot bar the entry of capital from outside India, because when once it is in India in the form of rupees, you cannot identify its origin. As to the constitution of the Directorate, that can

either be provided for by the conditions of the lease or left to be decided by the shareholders; but it must be managed in India. We are asked by Captain Sassoon whether we have ever made any attempts to negotiate with such a company. It is one of the objects of Mr. Innes' amendment that we should be in a position to enter into these negotiations which we have hitherto not been able to undertake. Mr. Manmohandas Ramji suggested that the only object of introducing this amendment (which indeed he opposed on his ground) was to enable the Secretary of State to negotiate with some company for taking over these Railways. But this is to be an Indian company, and the negotiations must be undertaken by the Indian Government, which will have to arrange to attract Indian capital in India itself. Mr. Ramji may well relieve his mind of that apprehension. As to the possibilities of finding such a company, Mr. Kamat suggested that it will be quite impossible to look forward to a time when India can provide 80 crores for taking over one of these Railways. But it is not necessary that India should at once provide 80 crores for taking over a Railway of this type. All we need look to is that a company should be started on a sufficient financial basis to enable it to take over such portion of the capital represented as to ensure it the true character of company management. That we should wait until we can find a company which can provide sufficient capital to purchase the full assets of these Railways is quite unnecessary. We are told by Mr. Seshagiri Aiyar that the argument which Mr. Innes applied against Mr. Neogy tells also against Mr. Innes, namely, that Mr. Innes is seeking to tie the Assembly to a definite line of action with regard to the Indian company. And another speaker said that if you pass this amendment, then you are bound to give one of our Railways over to a company. Neither argument is correct. If you pass this amendment, all that follows is that Government would be in a position to undertake the inquiries and negotiations necessary to forming an indigenous company on lines which would be accepted as suitable in India. Nor is it in any way true that the argument which Mr. Innes has applied against Mr. Neogy applies also against Mr. Innes for the reason that it does not bind either Government or the Legislature to any future action.

Mr. T. V. Seshagiri Aiyar : Then why have a legislation?

Dr. H. S. Gour : Show us your company first and we will discuss it afterwards.

The Honourable Sir Malcolm Hailey : Unless, Sir, it is possible to enter into these negotiations, it would not be possible to show you the company, to use Dr. Gour's words. No financial body would enter into negotiations if they thought that the whole of their time would be wasted owing to the inability of Government to implement or complete these negotiations. I repeat that this rider of Mr. Innes does not in any way compel us to any future action; all it does is to leave open the door to Government to negotiate with some effect, since responsible people will not negotiate unless they are convinced that Government can implement any negotiations into which it enters.

Dr. H. S. Gour : Nothing prevents them.

The Honourable Sir Malcolm Hailey : That, Sir, is the simple proposition and I put it to the House that it will be by no means well advised

to attempt to close to Government an avenue of negotiation which would be open to it under Mr. Innes' amendment.

Mr. President : Amendment moved :

To Dr. Gour's amendment to add the following words at the end :

"but that efforts should be continued to concert measure with the object of handing over one or other of the two Railways after such grouping as may be necessary to an indigenous Company calculated to give India the benefits of real company management."

The question I have to put is that that amendment be made.

The motion was negatived.

Mr. President : Further amendment moved :

"That in Mr. Neogy's amendment all the words after the word 'pleased' be omitted in order to insert the words 'on expiry of their leases, to take over both the East Indian Railway and the Great Indian Peninsula Railway for management by the State.'"

The motion was adopted.

Mr. President : The question is :

"That the following be substituted for the words beginning with 'the Indian Railways Act' and up to the end of the Resolution :

'he may be pleased, on expiry of their leases, to take over both the East Indian Railway and the Great Indian Peninsula Railway for management by the State.'"

The motion was adopted.

Mr. President : The question is that the Resolution, as amended, be adopted.

The motion was adopted.

10th March 1923.

RESOLUTION *re* RESERVED RAILWAY COMPARTMENTS.

Mr. W. M. Hussanally (Sind : Mubammadan Rural) : Sir, I beg to propose the following Resolution which stands in my name :

"This Assembly recommends to the Governor General in Council that he will do away with reserved compartments for particular communities on all Indian Railways by all passenger trains unless fully paid for."

My object, Sir, is to ask the Governor General to remove compartments reserved now for Europeans and Anglo-Indians on the different Railways in India. Sir, in September, 1921, at the Simla Session, I moved a somewhat similar Resolution and on the day fixed for the discussion of that Resolution Colonel (now Sir Danvers) Waghorn, then President of the Railway Board, approached me for a compromise. I understood him to say that first and second class reserved compartments for Europeans and Anglo-Indians on all Railways had been abolished ; and in the course of a little conversation that we had then he agreed to instruct all the Railway Administrations to do away with intermediate and third class compartments as well, on all trains except the mail trains. To this arrangement I agreed because I thought that the chief point was to break the ice, and if the Government agreed to the principle, I thought that it would be time enough for removing these latter compartments altogether on all Railways later on. I wish, Sir, with your

permission, to quote a passage from Colonel Waghorn's speech on that occasion :

" A possible solution, which I will put before this Assembly for their consideration, is that the reservation be eliminated gradually, that is to say, that the reservation of a third class compartment for Europeans and Anglo-Indians should be done away with on all slow trains and only retained for the present on mail or fast passenger trains."

I would ask Honourable Members to mark this word " or " as this is important as I shall show a little later on.

" If the Honourable Member is prepared to accept this modification of his Resolution I shall be glad to consult Railways accordingly with a view to the introduction of this measure, and with this undertaking he will perhaps be prepared to withdraw his Resolution."

This passage, Sir, did not appear to me to have been correctly reported. As a matter of fact, Colonel Waghorn then also mentioned the word " intermediate," but in this passage the word " intermediate " does not appear. I therefore had correspondence with him upon the subject and with your permission, Sir, I shall read that correspondence of which I have obtained a copy from the Railway Board. I wrote to him on the 25th October, 1921, as follows :

" I beg to call your attention to Volume II, No. 10, page 1215 *et seq.* of the proceedings of the Legislative Assembly on 28th September last.

If you remember, when you came over to me and made an offer for a compromise in regard to my proposition regarding Reserved Compartments, I agreed to it only on condition that the reservation of Inter class Compartments would also be done away with along with third classes, on all but Mail trains,—mark the words ' on all but Mail trains '—and you consented.

This is clear also from my reply to you, page 1218. In your speech as delivered you also mentioned inter class carriages. I have a vivid recollection. And I withdrew the proposition on that understanding as will appear from my reply.

In your speech as published the words ' and intermediate ' are omitted after the word third' in line 5, page 1218. Probably this is due to the fact that you forgot to add these words to your typed speech which you might have passed on to the reporter for printing.

I shall feel obliged by your kindly informing me if you have advised the Railway Administrations to do away with the inter class reservation also or not ; inasmuch as I have been getting a number of inquiries on the subject."

To this I got the following reply :

" I write in reply to your demi-official dated the 26th October last, in regard to the subject of the removal of reservation of Inter and 3rd class compartments for Europeans and Anglo-Indians on all but mail and fast passenger trains—please mark the words ' and fast passenger trains.'

You are quite correct—I did use the words ' intermediate and 3rd class,' but for some reason the word ' intermediate ' has been omitted in the printed copy of the Legislative Assembly Debates.

However, you may rest assured that action has been taken on the lines indicated in my reply to your Resolution, and Agents of all Railways have been consulted with a view to removing this restriction on all slow trains ; and furthermore, we have suggested that the accommodation reserved in third class compartments on mail and fast passenger trains should be reduced to a small compartment. It is quite possible we may find exceptional cases in local traffic or on certain sections where there may be good grounds for continuing the reservation.

As a matter of fact, the Railway Administrations had already been addressed some three weeks previously on the lines indicated in the reply which I gave you, and their answers are now coming in."

Then I wrote to him again on the 13th November, as follows :

" Many thanks for your demi-official of November 8th. I am glad you have issued instructions in regard to Inter class also. But you say you have confined your instructions to slow trains only and have excluded not only the Mail trains but also fast passenger trains as well.

I need hardly point out that no reservation is at all necessary on the latter kind of trains considering the fact that the European and Anglo-Indian passengers by inter and 3rd class are infinitesimal. As such they should travel by Mail trains only if they wish to have reserved compartments to themselves. This is all the more necessary inasmuch as rolling stock on almost all lines is inadequate and the complaint of shortness of accommodation for Indian passengers is universal; and you did not exclude such trains in your reply.

There have been so many inquiries from me in regard to this matter from people who wish all distinction between class and class removed that I would strongly urge that you should exclude only the Mail trains at present and no other.

I hope you have no objection to my publishing this correspondence."

The reply to this is dated the 19th November, and runs as follows :

"I am in receipt of your demi-official dated the 13th November. You will find on reference to page 1218 of Volume II No. 10 of the official report of the Legislative Assembly Debates on the 28th September 1921 that I used the following words in replying to your Resolution :—

'That the reservation..... for Europeans and Anglo-Indians should be done away with on all slow trains and only retained for the present on mail and fast passenger trains.'

Then he says :

"As I mentioned in my previous demi-official the question has been referred to Railway Administrations and is still under consideration.

I should prefer therefore that this correspondence should not be published at the present stage."

Now, Sir, what I would ask the House to look to is that in the quotation from Colonel Waghorn's speech which I have just read the word "or" is used, whereas in his reply to my letter, dated 13th November, he uses the word "and," which makes all the difference in the world. He in the first instance said that the reservation would be restricted to mail "or" fast passenger trains : whereas in his reply to me he uses the word "and," which means mail and fast passenger trains. He also admits, Sir, in the correspondence that the word "intermediate" does not appear in his speech although he did use the word and he was going to do away with the reservation of intermediate class compartments as well. Then what happened is that some time after, my friend, Mr. Sinha, put a question to Colonel Waghorn, on the 6th of September, 1922. The question ran as follows :

"(a) In view of the assurance given by Colonel Waghorn in connection with the Resolution moved by Mr. W. M. Hussanally asking for the abolition of the reservation of compartments on railways for Europeans and Anglo-Indians, will the Government please state what action have the different Railway Companies taken in the matter and how far they have acceded to the recommendations underlying the Resolution ?

(b) Is it a fact that so far only the Great Indian Peninsula Railway has taken action in the matter on the representation made by the Railway Board ?

(c) Do the Government propose to correspond with the Railway Companies who have not yet taken action in order that prompt action is taken by them ?"

The reply that he then gave is as follows :

"(a) and (b) In April last the Railway Board issued instructions

Please mark the word "instructions."

"... to railways to the effect that the reservation of an inter or third class compartment for Europeans and Anglo-Indians should be restricted to through mail and fast passenger trains"

Here again he uses the word "and"

"... the accommodation in such cases being limited to one compartment designed to seat about 10 passengers only. Reports received from the principal railways show that the instruc-

tions have been carried out generally, in order to suit local conditions, a few railways still retain reserved third-class compartments for Europeans and Anglo-Indians on certain slow passenger trains."

Now this is also important, as this last part was not in accordance with the undertaking which he gave in the discussion and I think is a subsequent addition. Then again, he proceeds further :

"In the circumstances mentioned above Government do not propose to take further action in the matter at present."

Now, Sir, what I complain of in this answer is that it is indefinite and evasive and therefore I hold that Colonel Waghorn did not keep to his undertaking which he gave me at that time. My information, Sir, is that so far as the large lines of Railway are concerned, the reservation of intermediate and third class compartments on almost all trains is still being made. I can speak from my personal knowledge of the North Western Railway and the East Indian Railway, but I have also received information from several friends that that is the case on almost every other line. It may be perhaps that some line or other has taken off these reserved compartments from some trains, but my information is that it is not the case that these compartments have been taken off generally, as Colonel Waghorn said in his reply to Mr. Sinha. It is for the House, therefore, to decide whether Colonel Waghorn kept to his promise or not. Then again, Sir, quite recently another question was put to the present Honourable Railway Member whether it was a fact that Indians travelling in European costume were allowed to travel by these reserved compartments, and the reply was that the Railway Board believe that in practice no objection is taken to Indians who have adopted European dress travelling in compartments reserved for Europeans on the different railways. Government do not propose to call for further information on this point from Railway Administrations at present. Now, Sir, this reply adds insult to injury, and puts a premium upon Indians who choose to ape Christians in this respect. What does this reply mean? My son, if he puts on a hat, can travel by these reserved compartments, but unfortunately I, who do not put on a hat but choose to appear in my Fez, cannot do so, and I can be kicked off from the reserved compartment, but my son is allowed to travel. (*Dr. H. S. Gour* : "What about your tie and collar and your waistcoat?") I preserve my nationality. But, Sir, is it a fact that Railway Administrations do not take objection to Indians travelling in European costume by these reserved compartments? I say it is not so, and I heard only the other day from a friend that a few months ago a party of Indian gentlemen who were travelling by one of these reserved compartments from Howrah to Delhi travelled as far as Tundla; up to that point nobody objected, but at Tundla they were forcibly ejected to make room for some European or Anglo-Indian or whatever else he is called. But even supposing this objection will not be taken in the future, I say that it does not satisfy me in the least; what I say is that all these reserved compartments must go, and there is no reason now to have any reserved compartment for any particular class or community. We must all be treated alike. The next question, Sir, that I have to consider is whether it is in the interests of these Europeans or Anglo-Indians to travel by these reserved compartments, for their own sake. I say, Sir, that chiefly by reason of the fact that very often only a solitary individual or a family

travel by these reserved compartments. And the result is that on occasions even murders have been committed in these compartments. I would draw your attention to the unfortunate murders that took place quite recently on the Oudh and Rohilkhand Railway somewhere near Lakhsar station when a lady and a gentleman travelling by one of these compartments were ruthlessly murdered. I say, therefore, that in their own interests it is not right that they should travel by such compartments which are not full. Then, again, Sir, there is another point to which I would beg to draw the attention of the House. These compartments are reserved for Europeans and Anglo-Indians. Now, who are Anglo-Indians? My friend Colonel Gidney is there. He distinctly told us only a few days ago that the community to which he had the honour to belong is Indian and he took pride only a few days ago in calling them Indians. I hope the Anglo-Indians call themselves Indians to all intents and purposes; and not merely when it suits their purposes to share the loaves and fishes, or I may say, the crumbs that fall to our lot. If that is so, that is to say if Anglo-Indians are Indians and wish to sail in the same boat as ourselves, they should travel in the same compartments with us and not claim any preference of this kind. Well, if that is conceded then the only other class of people for whom these compartments are to be reserved are the Europeans. Let us then come to the Europeans. Colonel Waghorn told us that there were no reserved compartments for first and second class passengers. What class of Europeans then travel by intermediate and third class? It is rarely, if ever, you find a non-official European travelling by intermediate or third class. Probably the bulk of the Europeans who travel by intermediate and third class are European soldiers. Well if they travel in large numbers, a compartment can be reserved for them under the ordinary rules. But if they are not, then I do not see why they should have the privilege of travelling by a compartment entirely to themselves. They ought to share with us. Colonel Waghorn in his speech on that occasion said as follows. I would like to quote his words :

"It is true that this demand was made 18 years ago which is a long time, but prejudices and dislikes do not necessarily disappear; and Government have felt hitherto that while recognising the desirability of eliminating all racial distinctions, the continuance of this reservation was on the whole desirable in order to avoid the possibility of the unpleasantness and ill-feeling which may readily be created by some trifling incident and which may possibly lead to much greater friction than is likely to arise under the existing arrangements. It will be noted that there is no idea of any racial discrimination."

If there is no idea of any racial discrimination, I do not see any reason why the European soldier should have a compartment reserved to himself. And as regards any ill-feeling that may be created by them while travelling by railway with Indian passengers, it would bespeak nothing else than want of discipline, for which the Military Department would be responsible and not the soldiers. If they are properly disciplined, I do not see any reason why there should be any ill-feeling or any breach of the peace in a railway compartment when they are travelling with their Indian fellow passengers.

For a number of years past, Sir, accommodation on railways for Indian passengers has been very limited and frequent complaints have been made that the accommodation supplied for Indian passengers, particularly Intermediate and Third Class passengers, has been very insufficient and I have myself seen, especially on the North Western Railway, that whereas an adjoin-

ing compartment goes vacant, the next compartment, reserved for Indian ladies, is so over-crowded that there is hardly any room even to stand, much less to sit. Our ladies generally travel with their children, so if there are 8 or 10 ladies and about 10 or 12 children in the compartment, the compartment is over-full; and even then the railway authorities will not allow the adjoining compartment, which goes vacant altogether, to be occupied by these ladies and children. That being the case, I think there is all the more reason that these reserved compartments should go. And we have been recently doing away with racial distinctions as far as we could. That would be another reason for me to urge to the House to pass this Resolution so that this restriction also should go. A Conference held in Lucknow in 1903 has been referred to, at which some Indians also attended. I do not know who they were and what representative character they had, but it seems that it was with their consent that these compartments were reserved on Indian railways. That might have been so, but times have changed since and are changing very fast, and I think what then looked to be quite innocent is not the case now. The political consciousness in the country since then has been attained so much that it is high time that any distinctions of the kind should now be abolished. I can assure the House, Sir, that there is a considerable feeling in the country with regard to this matter, and during recent years there have been several cases, both civil and criminal, in the various courts. It will serve no useful purpose that I should quote these cases *in extenso*, but I may refer to some cases the references to which I have got. One is reported in XLV I. L. R. Bombay, page 1324, another is in XLV I. L. R. Madras, page 215, another XLII I. L. R. Allahabad, page 327, and the last case on the subject is reported in XXV Bombay Law Reporter, page 26. As I said, some of these cases have been civil and others have been criminal. In some of these cases people who were forcibly ejected from these compartments brought suits for damages and in other cases they were prosecuted under the Railway Act for riding in a compartment which was reserved for somebody else. I would refer to only two cases. One in 45 Madras, in which Mr. Justice Krishnan disagreed with his colleague—I believe it was Mr. Justice Oldfield—and this is what Mr. Justice Krishnan says :

“With all respect to my learned brother I regret I am unable to concur with him in this case; for I have come to the conclusion that the accused are entitled to be acquitted on the short ground that the third class compartment in question is not proved to have been properly reserved for Europeans and Anglo-Indians as the prosecution alleged.”

The case was referred to a third Judge, Mr. Justice Ayling, and it was decided of course that this compartment was properly reserved under section 42 of the Railway Act, and, therefore, the accused were guilty. In all these cases, Sir...

Mr. T. E. Moir (Madras : Nominated Official) : I rise to a point of order. The Honourable Member said “it was decided of course that this compartment was properly reserved.” I wish to know whether the Honourable Member is entitled to use the words “of course” which seem to be an imputation on the Honourable Judge.

Mr. W. M. Hussanally : That was very far from my intention. I have the highest respect for the Judges of the High Courts and that was not my

intention. What I was referring to was that the decision was arrived at on an interpretation of section 42 of the Railway Act. I was just going to read a portion of that section when I was interrupted. Clause 2 of section 42 of the Railway Act says :

"A railway administration shall not make or give any undue or unreasonable preference or advantage to or in favour of any particular person or railway administration, or any particular description of traffic, in any respect whatsoever, or subject any particular person or railway administration or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever."

This is the clause, Sir, upon which these cases have been decided, and nearly all the cases hinged upon the interpretation of the words "undue or unreasonable preference." In almost all these cases it has been held that, while these reserved compartments do constitute a preference, they do not constitute an undue preference. That is the distinction that has been drawn, and it is, unfortunately, on these decisions that these persons who were prosecuted were sentenced.

Mr. President : I must ask the Honourable Member to draw his remarks to a close.

Mr. W. M. Hussanally : Well, Sir, I shall only say a few words more. Unfortunately, Sir, I have not got sufficient time to quote from the judgment of Justice Sir Lalubhai Shah of the Bombay High Court, which would have been very interesting. But suffice it to say, Sir, that he disagreed with his colleague Mr. Justice Crump and the case was referred to Mr. Justice Marten and the eventual decision was that the conviction was good and they upheld the decision of the lower court.


But what I want to draw the attention of the House to is that of late people have been getting into these reserved compartments deliberately in order that they may be prosecuted and in order to take the case up to the High Court for a decision ; and what I want to draw the attention of the House to is that there is so much feeling in the country against these reserved compartments that people go deliberately into these compartments for the purpose of drawing attention to this matter and that is also one of the reasons why I would ask this House to vote for the proposition that I have brought in order that these reserved compartments should now be abolished. The only alternative would be to bring in a Bill for amending the Railway Act, but that I think is not necessary at the present moment ; and I would therefore ask that this House do pass this motion to ask the Governor General in Council to do away with these reserved compartments.

The Honourable Mr. C. A. Innes (Commerce and Industry Member) : Sir, I would just like to take up the point taken by my friend, Maulvi Abul Kasem. I think that Mr. Hussanally has moved this Resolution under a sense of grievance. He had a sort of feeling that Colonel Waghorn did not carry out the pledge given in the House in September 1921 on the strength of which Mr. Hussanally withdrew his former Resolution. I should like to correct that misapprehension at once. The misapprehension has risen entirely out of the fact of the word "or" being used in the printed record instead of the word "and". I have taken the trouble to look at the printed notes which preceded the moving of that Resolution and I find it clearly stated there that

Colonel Waghorn suggested to His Excellency whose orders he took that a solution should be arrived at on the understanding that the reservation should be retained only in the case of mail *and* fast passenger trains. That

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shows that that was always the intention of Colonel Waghorn and in accordance with that pledge, within ten days Colonel Waghorn, addressed all Railway Administrations. He addressed them not only in respect of third class carriages, but also in respect of intermediate class carriages. I have got the replies of all the Railway Administrations here. On some Railways this distinction does not exist at all, and on other Railways it has been restricted to mail and fast passenger trains only. On still other Railways owing to local conditions the reservation still exists on other trains. But we have reduced the practice to the narrowest possible limits. Mr. Hussanally has suggested that by this small reservation we are making the congestion of third class carriages worse. Maulvi Abul Kasem has dealt with that objection. On these trains we reserved one or at most two,—I find in one or two Railways they reserve two compartments—one or at the most two compartments,—that is, seating accommodation for 10 or at the most 20 passengers, and that in a train which carries two hundred or three hundred passengers. That can make no impression upon the congestion and I do deprecate this attempt to treat this thing as a racial discrimination or a racial question. I do deprecate this attempt to show that these carriages are reserved in order to mark some distinction between a poor European and the Indian third class passenger, so as to show that the one is inferior to the other. Let me tell the House that there is absolutely no such idea at all. I would ask the House to remember that the Railway Administrations regard this question, as their replies show, purely as a question relating to the convenience of their passengers. Those Railway Administrations which retain this discrimination say that they do it merely because of the difference in the habits between the European passengers and the Indian passengers and they think that by retaining this reservation they are consulting the convenience of their clients and that is the reason why this reservation is continued. It seems to me wrong especially at this time to try and make a racial question out of a small thing of this kind. As I say we have addressed the Railway Administrations, we have taken up the question with the Agents. The practice has been restricted to the narrowest possible limits and I think that the wisest course is not to make too much of a question of this kind but to let time correct it. I think myself that possibly we could do more with regard to the intermediate class compartments. I do not see any reason myself why intermediate compartments should be reserved, and I am quite prepared to suggest to the Railway Administrations that they should consider very seriously whether there is any necessity to continue this distinction in respect of intermediate class compartments. I consulted some of the Administrations by wire and I have already had a wire from one Administration saying that it does not think it necessary to continue the distinction at least in respect of intermediate class compartments but it wishes to continue the reservation of third class compartments. I think that will show that the Railway Administrations themselves are tackling the subject in a reasonable way and I suggest that the House should leave it at that. I hope Mr. Hussanally will take it from me that there is no desire on the part of the



Railway Board or Colonel Waghorn or anybody else anywhere to evade a promise or pledge and I hope that in view of what he has said himself that a question of this kind must be tackled gradually and slowly and in view of what I have said he will withdraw the Resolution.

The Resolution was, by leave, withdrawn.

24th March 1923.

RESOLUTION *re* RAILWAY CONCESSIONS AND REDUCTION IN FARES.

Mr. K. Ahmed (Rajshahi Division : Muhammadan Rural): Sir, I beg to move :

"That this Assembly recommends to the Governor General in Council that in all State Railways return tickets for the 1st, 2nd and inter class passengers be issued at a fare and a third during the Puja, Christmas and Easter holidays and fares for the third class passengers be reduced by one-fourth immediately

Sir, this House is aware that it is a recognised principle of Railway economies that passenger traffic is a great contributor to the total revenues of the Railways and that the passenger traffic consists mainly of third class passengers. The importance of the third class passengers, Sir, is so great in the balancing of the Railway Budget that it has been suggested that the Railways would make a lot more profit by paying a premium to every first and second class passenger to induce him not to travel in order that the accommodation thus rendered available might be occupied more profitably by the third class passengers. In the interest of equality, particularly in these days of rampant democracy, I propose to include in the benefits to be derived by the passing of my Resolution the richer classes as well, because it is not equitable that a man should be penalised for no other reason than that he has more money in his pocket than his fellows. My Resolution, moreover, Sir, is as much in the interests of the Railways themselves as in that of the classes and the masses, for whom the facilities are provided by the Railways. It is well known that increased passenger fares tend to reduce the revenues of Railways from this particular source of income. As a matter of fact, Sir, the principle was so well understood by the authorities that Railway concessions in fares had long been in existence in this country and it was only during the unfortunate years of the last great war that these long-enjoyed concessions were ended, not because by that measure the Railway authorities hoped to increase their revenues, but because the war conditions made it impossible for them to cope with the large traffic that the concession rates usually promote. Now that the war conditions have ended, I beg to suggest in their own interests that the Railway authorities ought to grant concession rates for all classes of passengers, because thereby not only will they benefit the public, but themselves as well.

I need hardly spend more than a few minutes, Sir, upon the social and the commercial sides of the question. People travel, Sir, for a variety of reasons ; some for business, some in search of employment, some for pleasure or pastime, some for marriages, some for funeral ceremonies and so on. Be-

sides, there is a large portion of the public that travels either in search of work or in execution of the work they have obtained. Fairs and festivities also draw a large number of people. We have an example of it in the fair held at Meerut close by, at Ajmer, at Bindhachal and other places. The social side of the railway question is as important as any other aspect and it is highly desirable that the concessions which had been long enjoyed by the people of this country should be restored to them. Again Sir, the educational aspect of the question is a very important one, but it is not necessary for me to lecture to the Honourable Members of this House upon the broadening effects of travel as almost all of them more or less must have at one time or other written their school essay on the subject. It is known everywhere that labour in India is cheaper than in any other country in the world, and in comparison to those countries the Indian labour has got very little asset, very little saving to pay the rate, I mean the increased rate of railway fare in order to travel in this country, considering his income is so small,—it is, I believe, one-sixth, or some say it is less than one-sixth.

Mr. President : Order, order. The Honourable Member seems to have composed his speech for a different Resolution altogether. I must draw his attention, lest other Members should fall into the error of following him, to the fact that his Resolution is confined to concessions during certain holidays and to the reduction of the third class passenger fares. He must confine his remarks strictly to that.

Mr. K. Ahmed : If you follow me patiently, Sir, you will find that I am not very far away. It touches third class passengers, and I shall deal with the first and second classes along with the third class when I come to give the statistics. So I have a perfect right so far as the Resolution is worded. The language also will not take me far away.

Mr. S. C. Shahani (Sind Jagirdars and Zamindars : Landholders) : I beg to rise to a point of order. Are not tickets being issued at concession rates during holidays now ?

Mr. K. Ahmed : That is not a point of order. It will be for the Honourable Member to enlighten the House when I have finished if he has got any additional information. In Japan the third class fare is 5 and one-fifth pice for the first 50 miles, gradually reduced to 4 pice. Second class is double third class, and first class treble third class. 20 to 50 per cent. of the third class fare is reduced in the case of schools and colleges. 50 passengers or more travelling together get a reduction of from 10 to 60 per cent. Third class passengers here render possible a larger profit to the railways than the first and second class passengers. I shall give the statistics later on. In the 1886-87 account of the East Indian Railway we find the receipt from first class was 17·17 pice whereas the haulage was 11·77. Therefore at that time there was a profit of 5·40. Of course, now there is no profit. Honourable Members will remember that on the 1st March 1922, the Honourable the Finance Member stated that there was a lot of deficit, several crores. This year also you have heard that there is a large amount of loss of revenue from the railways. I shall bring out that point also later. The income from second class was 21·03 and the cost was 11·77. Therefore there was a profit at that time of 9·26. In the third class we had 56·05 income and haulage was 11·17. There-

fore the profit was 44.88. I now come to the statistics relating to the Oudh and Rohilkhand Railway. First class income was 13.20 and the haulage was 14.89. Therefore there was a loss of 1.69. With regard to the second class, income was 12.60 and haulage was 14.89, thereby giving a minus balance of 2.29. So, the first and second class did not fetch any income at all. Now, with regard to the third class it was 66.27 against a haulage of 14.89. Therefore there was a substantial profit of 51.38. That is the income from the third class passengers and that is how the railways get their revenue and how the salaries of high officers are paid as lump sum out of the income of the poor third class passengers who are looked down upon as is evident from the debate in the Assembly last year and this year, especially from the speech of Mr. Joshi. Then, I shall come to the Administration Report of the Indian Railways for the year 1921-22, Volume I, page 15. The number of passengers carried (in thousands) of third class was 490,733 and the amount of money that was earned in that year from third class passenger fares was about 28.5 crores of rupees. The Report says :

"In respect of the last year it will be noticed that the numbers of passengers by first, second and intermediate classes have declined compared with 1920-21, while the third class shows a small increase. In spite of the fall in numbers the earnings from the first two classes have risen, while the yield from the intermediate and third classes has fallen compared with 1920-21. This latter result which is very significant is due to decreased load. Economic factors have in fact forced the third class passengers in India to forego indulgence in long journeys in the same way as has happened elsewhere in the world, and have checked the rapid increase in the numbers travelling which is evidenced in the figures of previous years. Decreased third class travelling is also to some extent attributable to the fact that insufficiency of stock has forced many railway administrations to refuse to make special arrangements for *melās* which in the ordinary course of events attract large numbers of passengers."

Now, Sir, last year in explaining the Budget of 1922-23 the Honourable the Finance Member, Sir Malcolm Hailey, said.

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"There can, I imagine, be no room for diversity of opinion, namely, that the railways must pay their own way. The estimates which I have given already take account of a substantial increase in goods rates....."

Mr. President : The Honourable Member must address himself to the subject of his own Resolution, which is concessions during certain holidays.

Mr. K. Ahmed : Last year when the Finance Member introduced the Budget he said that he wanted 6 crores of rupees to be raised by increasing railway fares to the extent of 25 per cent. and, Sir, this year on the 1st of March you have heard that in spite of that increase the railways did not get the income which the Finance Member anticipated. That is the reason why I am making this argument, that the way of thinking of the Railway Department and of the Finance Member was no good and that it was futile for him any longer to think that by increasing the rate of fares he will get a higher income.

What has been the result of the enhancement of passenger fares ? The Honourable the Finance Member in his budget speech only on the 1st of March said that the receipt from passengers has been disappointing and that there has been an appreciable falling off in the passenger traffic.

I therefore say, Sir, that following the precedent set by some company managed railways that have already introduced the concession rates, for instance the Bengal Nagpur Railway, and other lines, the

proposal in my Resolution should be accepted, not merely in the interest of the travelling public, but also in the interests of the Indian railways and the financial interests of the Government of India itself, because, Sir, the Government of India at the present juncture is in a hopeless financial condition and more revenues will be, in my opinion, very welcome indeed. With these few words, I strongly and emphatically move my Resolution which is :

"This Assembly recommends to the Governor General in Council that in all State Railways return tickets for the first, second and inter class passengers be issued at a fare and a third during the Puja, Christmas and Easter holidays and fares for the third class passengers be reduced by one-fourth immediately."

I commend my Resolution to the acceptance of the House.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadan) : I am not in a position to support the Resolution moved by my Honourable friend, but so far as I am able to support it, I have set out in my own amendment and I therefore move it :

That the following be substituted for the original Resolution :

"This Assembly recommends to the Governor General in Council to take such steps as may be necessary to ensure the resumption of return tickets on Railways and the reduction of third class fare for passengers."

The two points involved in my amendment are the resumption of return tickets on railways and the reduction of third class passenger fares. I need not dilate on the first point because I have no reason to doubt that Government will be in a position to give us a reassuring reply. As Honourable Members are aware, return tickets were issued before the war on almost all the railways, but owing to the shortage of the rolling stock the return tickets were discontinued and I understand return tickets have been resumed in several railways, but I think they have not been generally resumed. I happen to know that there is no resumption of return tickets on the Great Indian Peninsula Railway. All I want is that Government should do what all countries, including England, have done to restore the conditions of normal traffic.

As regards my second point, the reduction of third class fares, I think, Sir, I am voicing the general complaint of the public that the third class fare has increased of late to such an extent that it has a marked effect upon traffic of that class. I therefore request Government to see whether third class fares cannot be reduced. With these words, Sir, I commend my amendment to the vote of the House.

Mr. K. Ahmed : I accept the amendment, Sir.

Mr. President : I have some difficulty here. The Honourable Member who moved the Resolution explicitly confined himself to State Railways and the issue of concession tickets ; but I am not very certain of the bearing of the last 8 to 10 words of his Resolution. If the Government wishes to reply to the point raised by Dr. Gour I am prepared to overlook the point of order.

Mr. C. D. M. Hindley (Chief Commissioner, Railways) : I do not think, Sir, I need take up the time of the House very long over this question. It is purely a practical question, a business question, and we have, as the House is aware, been urged very strongly for the last year or two and again very recently by the Retrenchment Committee to deal with

railway business on commercial lines. Now, Sir, the House itself has I think absorbed that idea very rapidly as the result of perusing the Retrenchment Committee's report and Honourable Members of this House have been very insistent upon our carrying out such measures as will ensure the railways earning a profit. It really seems to me very inconsistent that one week some Members of this House wish to reduce working expenses of railways by 4 crores in order to show a profit and in the following week other Members come forward with a proposition which, taken literally, would reduce the revenues of railways by $7\frac{1}{2}$ crores. If the House is looking for commercial management and for a satisfactory return on the capital invested in railways, it cannot expect to get these results by making arbitrary reductions in earnings, such as the Mover of this Resolution demands. The matter of making rates for railways is a very complicated and difficult one, but there are certain essential principles which must be observed in fixing rates. In the first place, these rates must be such as to pay for the working cost of carrying the traffic. That is the lower limit. The upper limit should be fixed in such a way as to produce the maximum revenue without causing a shrinkage of traffic. Those are the two limits, and as the House is aware, we leave the actual rates to the local administrations to settle. It is only by judging local conditions and watching the traffic that appropriate rates can be fixed for different kinds of traffic. These remarks apply equally to the question of reducing or otherwise altering third class passenger fares and to the so-called concessions to which the Honourable Mover has referred. Any railway administration which finds that it can increase its revenue by reducing fares, either partially for special occasions or wholly for all third class passengers, will do so at once. There is no question about that. It is purely a matter of business and it is a matter which is being watched most carefully by all Agents. Having regard to the fact that the only scientific way of fixing rates is to fix them with regard to traffic in different parts of the country it is necessary for the Government to confine itself to fixing maxima and minima rates, as the House is well aware; and Government do not interfere in these matters of fixing actual rates. The maximum rate for third class passengers stood at 3 pies per mile from the year 1887 until it was raised in April 1917 to 4 pies for mail and fast passengers, the old rate remaining in force for slow trains. And Honourable Members will be aware that practically through the whole of the war years the railways of India were almost alone amongst all the railways in the world in not increasing fares appropriately to meet increased costs. It was only as the result of the two years following the war, when we were faced with enormous increases of wages and materials, that it became absolutely essential to raise the fares again last year. In Great Britain, for instance, the fares were raised early in the war by 50 per cent. and again subsequently raised to a point which brought them up to 75 per cent. above the pre-war level. They have been recently slightly reduced but they still stand somewhere about 50 per cent. over pre-war rates.

With regard to the Honourable Mover's remarks about the falling off in numbers of passengers, the figures for the complete year are not yet available; but Honourable Members have been given the figures for the first 9 months of the year, that is, to the end of December, in the memorandum which was issued with the budget. I think perhaps these were the figures to which the

Honourable Mover referred. If Honourable Members will bear with me a moment I will remind them that during the nine months the total number of third class passengers carried fell from 358½ millions in 1921-22 to 357·9 millions in 1922-23, a total reduction of about 650,000 passengers out of 358 millions, or rather less than ·2 per cent. At the same time the increase in earnings was over 2 crores in the 9 months. It will therefore be seen that the increase in fares has brought in increased revenue without any very serious reduction in the number of passengers who travel. During those 9 months the earnings from third class passengers amounted to 22·37 crores, and on the same average it may be expected that the total earnings of the year will amount to 30 crores of rupees from third class passengers. Now taking the Honourable Mover's Resolution literally, that third class fares should be reduced by one-fourth, during the coming year we should have to expect a drop of 7½ crores in earnings on third class passengers. I do not think, Sir, it is necessary for me to labour that argument any further. It is perfectly obvious that the railways, if they are to be worked at a profit, could not stand a reduction of revenue of that kind.

In regard to the concessions, the question of cheap return tickets at certain holiday and festival times during the year, and the larger question which Dr. Gour has mentioned regarding the resumption of return tickets, this is also a matter of business. They are not concessions doled out to the public for being good. They are purely a matter of business and they are so regarded by every railway administration in the world. If a railway can increase its traffic and increase its earnings by offering cheap fares at certain periods of the year or over certain distances or for certain occasions, it will do so; but they cannot be regarded by the public as rights or even as concessions which the railways should hand out as the result of exceptional prosperity or anything of that sort. It is a matter of business. If a railway can earn more traffic and has the carrying capacity to increase its traffic, it will undoubtedly see the business side of it and give these cheaper fares, cheaper rates and cheaper return tickets or concessions of that kind at holiday times. But as every Honourable Member is aware, the railways are not in a position at the present time to cater for a very large increase of traffic. We still have to some extent, not perhaps overcrowding but distinctly, crowding—complaints about overcrowding have, I am glad to say, dropped for some time, but there is no question about the practical impossibility of attempting to attract much traffic by offering cheap terms when we cannot carry the traffic which would in that case offer. The amendment which Dr. Gour has proposed, I understand, reads thus: "This Assembly recommends to the Governor General in Council to take such steps as may be necessary to ensure the resumption of return tickets on railways and the reduction of third class fares for passengers." I do not think, Sir, that I can accept that amendment as it stands, because it requires the Government to take steps to ensure the resumption of return tickets. Now, Sir, as I have pointed out, this is a pure matter of business. Railways are being compelled by public opinion and by their own good sense to work on business lines, and it would be impossible for Government to force an early resumption of return tickets or a reduction of third class fares unless it could be shown that that was a sound business proposition. I would suggest that

the following might perhaps take the place of the Honourable Mover's Resolution if this meets the views of the House, and as I believe the House wishes to express an opinion on this subject, I would suggest an amendment in this form :

"This Assembly recommends to the Governor General in Council that the effect of the last increase in third class passenger fares be carefully watched, and that Railway Administrations be advised to reduce them if experience shows that they are greater than the traffic can bear."

That, Sir, is the amendment which I propose.

Mr. President : I informed the Assembly before I called upon the Chief Commissioner of Railways, that I was prepared to overlook on this occasion the point of order which would otherwise arise regarding the character of Dr. Gour's amendment which I have not accepted. I should be creating an awkward precedent if on this occasion

Dr. H. S. Gour : It is not objected to by the Government, Sir, and we are prepared to accept the Government amendment in supersession of both the Resolution as well as my amendment

Mr. President : Then some day on a Resolution of much greater importance the Honourable Member will attempt to trip the Chair up with the proceedings of this day. I must treat this merely as an undertaking by Government and not as an amendment,—and then I think I must put the original Resolution to the vote unless of course it is withdrawn.

The Honourable Mr. C. A. Innes : Perhaps the Honourable Mover will withdraw his Resolution on the understanding that we give the assurance which is contained in the draft amendment which has been handed in to you, Sir ?

Mr. K. Ahmed : I have not followed the amendment, Sir. I do not know the amendment, Sir.

Mr. President : It is not an amendment, it is an undertaking given by Government. .

Mr. K. Ahmed : What is the undertaking, Sir ?

Mr. President : The form in which it is given is this :

"That the effect of the last increase in third class passenger fares be carefully watched, and that Railway Administrations be advised to reduce them if experience shows that they are greater than the traffic can bear."

Mr. K. Ahmed : I accept the amendment. I beg to withdraw.

The Resolution was, by leave of the Assembly, withdrawn.

22nd February 1923.

RESOLUTION *re* HYPOTHECATION OF REVENUES.

Mr. M. K. Reddi (South Arcot *cum* Chingleput : Non-Muhammadan Rural) : I move, Sir :

"That this Assembly recommends to the Governor General in Council that steps be taken immediately to set apart some revenue for the purpose of wiping out all contribution from the Provinces in the course of six years."

Sir, it is with a due sense of responsibility and with a full knowledge of the extent and scope of the subject that I rise to move this Resolution which stands in the name of my Honourable friend Mr. Zahid Ali Subzposh.

One of the most pressing problems of the day is the problem of finance, both in the Central and Provincial Legislatures; and while critics are not wanting who will belittle the scope of the reforms or the achievements of these Councils, few have bestowed any serious thought on the causes leading to such poor results, or the remedies which ought to be adopted. It is one of the sorest trials of the Provincial Legislatures, that while they practise retrenchment and economy to the fullest extent and even vote fresh taxation, thus bearing the opprobrium and the misrepresentation and calumny of their electorate, those who are not responsible in the full sense of the term, have the right to appropriate to themselves the hard-earned savings of these Provincial Governments. The Provincial Legislatures feel that while they are called upon to cater to the ravenous appetite of the Central Government, they have not the privilege of applying suitable remedies to this diseased appetite, to effect retrenchment and economise expenditure; and with a knowledge of something of the inner working of the administrative machinery of their own Government they not unnaturally feel that unless the Government is directly responsible and responsible to the people, ideas of true economy and real retrenchment are not likely to materialise. They feel that if the Central Government had to bear the odium of fresh taxation and the responsibility of finding ways and means for additional expenditure, instead of the present method of sponging on a few unhappy and uninfluential Provinces, then the angle of vision would change and a more sober aspect of the question would present itself. Then would Members not stand aghast or raise the whites of their eyes in holy horror when any whisper of a curtailment in the Military expenditure was given utterance to; then would they not be shocked at the height of ingratitude when any remark is made about the high salaries of the Imperial Services; then would they not be depressed with a sense of impending calamity when any demand were made for a speedier process of the Indianisation of the Services with a view to retrenchment.

I am aware, Sir, that there is a Retrenchment Committee at work whose report we all await with anxious care. It may not be possible to effect retrenchment to the extent to which we would like it in a single year. Retrenchment also can be carried out progressively; and naturally the Government of India are not likely to let go their hold on the Provinces as long as an easy way of filling their coffers is open to them. It is for that very reason I suggest that the Provincial Contributions should be wiped out and that it should be done at least in the course of six years with their growing revenue.

Sir, I would earnestly appeal to the Government to face facts as they are. It would be more in the fitness of things that they should face the music and brave the unpalatable features resulting from the abolition of these contributions than let the Provinces rankle with a sense of injustice, breeding bitterness and just resentment against the Central Legislature. The revolt of the Provinces, if such should occur as the result of this blind policy, will be a graver danger for national solidarity and national welfare than a measure of this description. Sir, filial ingratitude was not reserved

to King Lear's daughters alone. The mutual jealousies, the not unreasonable suspicions and the introduction of a Provincial caste system are really graver dangers which responsible legislators should take into more serious consideration than the narrow selfish view at times exhibited by this House.

Sir, in my own Presidency for the last year the agitation regarding what has been termed the "impost" has been growing in pace and even Honourable Members of this Council situated as they are, so far from Madras, must have had an idea both as regards its volume and its intensity. I do not wish to refer to the decisions of this House on previous occasions, but I trust I shall not be altogether out of order if I were to refer to the petitions which I had the honour to present to this Assembly signed by thousands of voters of my Presidency, requesting this Government and this House to alleviate the hardship that is created by the levy of a large sum from provincial revenues by the Central Government. On that debate I don't want to offer any criticism at present. Sir, this Resolution raises a very important and a general question. As I understand it, it means an obligation on the Government of India to reduce the provincial contributions and in course of time—6 years—to altogether wipe them out. The method by which this should be done is one more in the cognizance of an administrative body like the Government of India than of a non-official Member of this Council. It is therefore not as an exhaustive method nor as the best method under the circumstances that the suggestion in this Resolution is conveyed to set apart some revenues for the purpose. It is more important to my mind that it should be distinctly understood that these contributions should be wiped out gradually and in any case should not exist after six years. Sir, we are all aware of the award of Lord Meston and we are also aware how several of the presidencies protested against that award. We are in this very happy, or rather unhappy, position that the modification of the award of Lord Meston by the devolution rules has made our position much worse. If I were to refer for a moment to the devolution rules you would see, Sir, that whereas under the Meston award the contributions for 1923 ought to have been less than in 1921, under the devolution rules the contribution continued to be the same. I should like to emphasise that this was a situation which was not at all contemplated by the Joint Committee. It was not to make the position worse that the Joint Committee intervened, but rather, as I understand from a reading of that Report, to make our position surely better. But we are now in the position of those frogs in the fable that protested against the award of Jupiter for sending them the King Log.

I trust I shall be pardoned if I were to quote from the Committee's Report :

"The proposals made by Lord Meston's Committee and embodied in these rules have met with a varied reception. They are endorsed by the Government of India and some Local Governments are content with the contributions proposed for them, while others dislike the ultimate standards; but certain provinces, particularly the three presidencies, are dissatisfied with the treatment of their own claims, and the Government of Bombay contest not only the amount of their contribution, but also the allocation of the heads of revenue on which the whole scheme is based. The Committee see no reason to differ from the fundamental features of the proposals, and they are definitely opposed to provincialising taxation of income.....The Committee would be glad, on grounds of policy, to alleviate the disappointment caused by the restraints, which the system of contribution lays on the employment by the provinces of their revenues. The Committee are of opinion that in no case should the initial contribution payable by any province be increased, but that the gradual reduction of the aggregate contribution should be the sole means of attaining the theoretical standards recommended by the Financial Relations

Committee. The acceptance of this latter proposal emphasises the intention that the contribution from the provinces to the Central Government should cease at the earliest possible moment. The Committee attach great importance to the fulfilment of this intention and they are convinced that the opposition, which the proposals of the Financial Relations Committee have evoked, would be much diminished if it becomes possible for the Government of India to take steps to ensure the abolition of the contributions within a reasonably short period. They trust that the Government of India and the Secretary of State in Council will, in regard to their financial policy, make it their constant endeavour to render the Central Government independent of provincial assistance at the earliest possible date."

Sir, this is a very clear statement of the intention of the Joint Committee. It was not to prejudice provinces like mine, to make their position worse than what it was under the Meston Award, to keep on the heavy contributions that they have been called to make in the first instance, that that award was modified. The Joint Committee repeatedly say that the alleviation should be by means of wiping out this contribution altogether and they emphasise more than once that this should be done as soon as possible, at the earliest date, and so forth. The next paragraph of the Joint Committee's Report simply says that the Committee desire to add their recognition of the difficulties of Bengal and commend for the consideration of the Government of India that difficulty. The Government of India has been ready enough to recognise this. I do not desire to say anything of the relief granted to that fortunate province; but I should like to point out that the primary consideration of the Joint Committee was to wipe the contribution altogether and that only a casual mention is made of Bengal's difficulties. But yet the Government of India was ready to come to the relief of Bengal.

Now, I ask, Sir, what it has done to respect the wishes of the Joint Committee with regard to the early part of its Report? Two years have now passed since the Reforms have been instituted and three years since the Report of the Joint Committee. What has the Government of India done to carry out the intentions of the Joint Committee? Repeatedly in the course of that Report they implore the Government to so adjust their finances as to reduce the contributions and wipe them out at the earliest possible stage. When is that earliest stage to come? Has the Government of India any idea of it? Has the Finance Member bestowed any thought on the problem or are we to say that the Government of India is so involved that these questions cannot arise? We know that unless the Government of India, just like any other debtor, is forced to pay up a certain debt, it will be in the complacent attitude of keeping the debt alive as long as possible. That is what we don't want to happen. We want to force the Government to take up these questions seriously and in earnest and we want the Government to wipe out this contribution at the earliest stage possible. The Joint Committee emphasises that for the very successful working of the Reforms this contribution must go. I therefore plead in the interests of provinces which have suffered seriously in the past, that there must be a determined effort made by the Central Government to wipe the contributions out. I therefore heartily commend the Resolution to this House and trust that from the coming financial year some amount at least will be reduced from the contribution of over 9 crores and that within the next 6 years a progressive rate of reduction will find the entire contribution wiped out.

Mr. P. B. Haigh (Bombay: Nominated Official): Sir, the matter that the House is about to debate this morning has formed the subject of long and bitter controversy. It was only in the last Session at Simla that a Resolution of a very similar nature was moved in which the whole question of the relations between the provinces and the Central Government in financial matters was raised, and the representatives of various provinces put forward their own views with a good deal of heat and in some cases almost acrimony. And now, Sir, we have another Resolution before the House of very much the same nature. But, Sir, I propose to try, if possible, to keep clear of inter-provincial recriminations and to confine what I have to say to the actual Resolution on the paper. I fear the two Honourable Members who have already spoken have gone a little too far beyond the Resolution. If I may say so, there has been some danger of their trailing the Madras coat in front of the industrial provinces. Well, Sir, I do not propose to be drawn. It is true, Sir, that we in Bombay have our own position just as Members from Madras have their position. We do not pretend to be content with the present state of things; we have never accepted it and we do not accept it now. We do not think it is fair that we should be deprived for ever of any share in the one important expanding source of revenue that might be at our disposal. We think, Sir, that if a province is to have true provincial autonomy, it ought to have access to all its real assets, and we, in Bombay, consider that the enterprise and resource of our citizens is just as much a provincial asset as the produce of our fields. It is a temptation, Sir, to be drawn into a discussion on the arguments that were put forward by the Honourable the Home Member who was then Finance Member, in the debate in Simla. He has had the last word and it is a temptation to answer him, to reply to, I cannot say the arguments but to the atmosphere he created. But I do not propose, Sir, to go into that question now. An occasion will arise when we shall press our views again on the Government of India, but I do not think that that general question properly arises out of the Resolution on the paper.

Now, Sir, I would ask Honourable Members to examine that Resolution very carefully. It reads:

"This Assembly recommends to the Governor General in Council that steps be taken immediately to set apart some revenues for the purpose of wiping out all contributions from the Provinces in the course of six years."

The Honourable Member who moved the Resolution was delightfully vague. He did not explain what revenues were going to be set apart or, if revenues were set apart, what was to take their place. I take it, Sir, that the only thing that the Resolution can mean is that the Government of India is to begin at once, when it is framing its Budget, to put down as the first item to be provided a sum of so many crores for remitting contributions from the provinces. The period given is six years, the amount is more than 9 crores, but we will take it as 9 crores. We see, therefore, that the Government of India is asked to begin at once to set apart, say, one and a half crores of rupees this year, three the next, $4\frac{1}{2}$ the next, and so on. That means, of course, either that the Government of India is to increase its deficit by one and a half crores or to impose additional taxation, and with that taxation is to make good the amount remitted to the provinces who are contributing.

Now, Sir, I have no doubt that every Member of this House has engraven on his mind the figures contained in the Devolution Rules and particularly those in paragraph 18. Now Rule 18 contains what is generally referred to as the ideal contributions expressed in terms of ninetieths. In paragraph 17 we find the actual figures of contributions that are being paid at the present moment. Well, I have worked out those actual contributions that are now being paid. I have worked them out in terms of ninetieths and some of the provinces are paying more ninetieths than their ideal contributions; others are not. Now Rule 18 says:

"When for any year the Governor General in Council determines as the total amount of the contribution a smaller sum than that payable for the preceding year, a reduction shall be made in the contributions of those Local Governments only whose last previous annual contribution exceeds the proportion specified, and any reduction so made shall be proportionate to such excess."

Well, if you examine the figures, you will find that the provinces which would be benefited by the first remission of contributions would be Madras, the United Provinces and the Punjab, and to a smaller extent and a long way behind, the Central Provinces. The other provinces would not be benefited by any initial remission. Now, Sir, I submit that when the Resolution is looked at in that light, it becomes alarmingly like the Resolution to remit two crores of provincial contributions, which this House rejected last September. That is the real meaning of the Resolution. Instead of calling it two crores this time, it has provided for a period of six years; but it practically means the same thing. At all events, says

12 Noon.

the Honourable Mover, let us make a beginning; let us get at least $1\frac{1}{2}$ crores, if we cannot get 2 crores. And Honourable Members who do not belong to those fortunate provinces which are going to get the remission under this scheme during the first or second year, those Honourable Members will doubtless bear that fact in mind when the Resolution is put to the vote.

Well, Sir, now why should the House reject this motion? In the first place, it is entirely inopportune. How do we stand at present? We are just on the eve of the Budget announcement. This is not an ordinary budget. We have been passing through a period of great financial stress. An immense effort is being made by enlisting the assistance of the greatest experts we can find—an immense effort is being made to improve our position, and we have in charge of the portfolio a new Finance Member. In a few days we shall hear the result of those investigations and the Honourable the Finance Member will let us know what he is intending to do. And this is the moment that the Honourable Member from Madras selects to come and ask the House to pass a Resolution about the financial policy of Government of India for the next six years. Well, I submit, Sir, he has not have chosen a more inopportune moment. The Honourable might at least have waited until the Budget was over. Is it fair, Sir, Honourable the Finance Member to expect him to disclose the arrangements that he is about to make? For all we know, Sir, his actual decision has not have been taken up to the last moment; the matter might still be in debate. It is not fair when the burden of reducing the Budget in difficult circumstances is imposed on the Honourable the Finance M.

that the House should hustle and try to extract some hint from him of what he is going to do before he is actually prepared to tell us what it is.

Leaving aside the question of fairness, I ask the House if they think they are going to draw the Honourable the Finance Member. The Finance Member, Sir, if I may say so, is up to the present somewhat of a dark horse. We have heard him speak on more than one occasion somewhat cryptically. Speaking for myself personally, the chief impression I have obtained from his speeches is that he has pursued researches into the debates which took place in the Græco-Roman world on the nature of the Trinity. That is the matter that impressed me most in the last speech made by the Honourable the Finance Member and I do not think the House is going to get anything much out of him. In vain, Sir, is the net spread in the sight of any bird; and when the net is so clumsy and the bird so wary as the Finance Member, I do not think I see him walking into it.

However, leaving aside these considerations—leaving aside the question of fairness, leaving aside the question of whether we are likely to draw him—is the proposition possible or feasible at this moment? Last year we had an enormous deficit. There is no getting away from it. That is the fact that governs the whole position. There was an enormous deficit; and we are asking the Finance Member after he has cut down expenditure in all directions to the minimum, after imposing additional taxation to meet the deficit, we are asking him on top of that to provide still more taxation in order to assist certain of the Provinces. Can such a proposition be entertained for a moment? Are the Honourable Members who support this Resolution prepared to vote for that additional taxation, unless they are sure it is not going to fall on them? I seem to remember that not long ago there was a proposal to impose a salt tax, a tax which fell equally on everyone in India. Did Honourable Members from Madras support that salt tax? Sir, I fancy that the Honourable Members who are supporting this motion have a shrewd idea that if taxation is to be imposed somebody else is going to pay. Sir, I would ask this House to approach this question as it stands on the paper in a severely practical spirit. We are not here to discuss from top to bottom the financial relations of the Provinces with the Central Government. We are not here to encourage disputes between Provinces. We are asked to make a definite recommendation to Government that they should take a particular course. We are asked to make that recommendation at a time which is inopportune, and to recommend a course that we know is not practical. Now I submit, Sir, that the House should not allow its time to be wasted by debating Resolutions of that character, and that it should without delay throw out this inopportune, this futile and this impracticable Resolution. Sir, I trust the House will immediately reject the motion.

Mr. T. E. Moir (Madras: Nominated Official): Sir, it is with some reluctance that I again take part in a debate on this vexed question of the contributions, but there are several points which have been raised by speakers who have taken part in the debate to which I think some answer is necessary on behalf both of those who moved the Resolution and the amendment and of the province from which I come. My Honourable friend, Mr. Haigh, rather twitted those who have supported this Resolution with

the fact that it is inopportune and might better have been moved on another occasion. I would point out that those who have interested themselves in this question are not their own masters in this matter of dates; they are subject to the public business of this House and the luck of the ballot. We certainly would have preferred to have an earlier opportunity for once more pressing this matter on the attention of the Government of India, and it is not our fault if it happens that the debate should take place a week before the presentation of the Budget. My Honourable friend, Mr. Haigh, further attacked us on the ground that we were attempting, in anticipation of that date, to elicit from the Honourable the Finance Member some indication of his intentions. Now nothing was further from our minds and I do not think that he can point to any statement in any of the speeches which have been made on behalf of this Resolution or the amendment which showed any attempt to elicit from the Honourable the Finance Member any such information. If I may say so, it was Mr. Haigh himself who was guilty of such an attempt. His remarks reminded me very much of that form of leading question which generally is referred to as asking some one whether he has left off beating his wife. What he really asked the Honourable the Finance Member was "Have you left off having a deficit?" and he apparently expected the Honourable the Finance Member to give some answer to that leading question. I quite agree

Mr. P. B. Haigh : Shall I be in order, Sir, in saying that I never expected the Honourable the Finance Member to say anything at all ?

Mr. T. E. Moir : I quite agree with my Honourable friend, Mr. Haigh, in that remark, because I also agree with him that the bird is much too wary.

Now, Sir, Mr. Haigh and several of his colleagues have shown an attitude in this matter which was what we expected. We anticipated opposition from Bombay and we certainly have got it. Now, we in Madras have the greatest admiration for Bombay and in that I feel sure that every Member of this House shares our feelings. We are proud of Bombay, that fair sea queen who sits by the sea watching her argosies go to and fro. But regal city as Bombay is, enterprising as its citizens are, they do, I think, display certain qualities which are generally associated with an aquatic animal of a somewhat lower order. In the first place, Bombay is absorbent: It drags into its capacious maw wealth from all quarters of the globe and from all quarters of India. It is also retentive. Else how comes it that, in spite of the protests of every other province in India, in spite of the continued protests from my own province, as my Honourable friend, Sir Gordon Fraser, has pointed out, when the reforms came into being and the new financial relations were introduced, it was found that Bombay had been retaining out of its vast wealth Rs. 2 per head of its population for every rupee that every other province in India could boast of. Further, there is another characteristic which is common, it seems to me, to some of our Bombay friends and that lower organism to which I have referred. Bombay is convinced that all it contains has been its own creation; that those supplies which swell its pores and its fibres are all entirely due to its own efforts. "Alone we did it is their motto." Now I would ask my Honourable friend from Bombay if its hinterland were

limited by the borders of its own province, if its hinterland were confined to that strip which runs east of the Western Ghats to the borders of Hyderabad and Northern India, would the city of Bombay be the proud city it is? No, of course not, and I must protest most strongly against this perpetual and recurring assumption on the part of Bombay that its wealth is entirely due to its own efforts, to its own enterprise, and that the rest of India has had no share in creating that wealth.

Mr. President : I must point out to the Honourable Member that, having allowed a certain amount of latitude to the spokesman from Bombay, I have allowed him a similar latitude, but I must now invite him to confine himself to the Resolution.

Mr. T. E. Moir : Sir, I have done with that aspect of the question. I will now turn to a remark of my Honourable friend, Dr. Gour. Now, I wish I could debate two sides of the question with the same fervour as Dr. Gour, but there is at least one remark for which on this occasion I have to thank him. He informed us as eminent lawyer that this matter is *res judicata*. I agree entirely with him that it is *res judicata*. Our claim is based on the law of the land ; it is enshrined in statutory rules, and what we are complaining of is not that it is *res judicata*, but that it is impossible for us to get execution of our claims. Sir, I have no desire to go once more over the real issues which underlie this Resolution. The Government of India have been informed more than once of the manner in which the political and the administrative life of the Madras Presidency and of other Provinces, which are hampered under the same disabilities, suffers owing to this question of the contributions. I would to-day urge it more specially on another ground. We have an opportunity to-day of welcoming to this arena a new Finance Member, and I trust that you will realise from what has been stated in debate to-day that this is a serious question, that it is warping the relations between Province and Province and between the Provinces and the Government of India, and that it is most essential in the interests of all concerned that this recurring source of controversy and friction should be removed. I entirely agree that if it had been open to us we would have sought another occasion for pressing this matter upon the Government of India : but, if I may say so, the fact that we have done so now is entirely justified by the speech of my Honourable friend, Mr. Jannadas Dwarkadas. What he has really told us is that as far as he and his Province are concerned, they will not under any circumstances consent to these Devolution Rules being put into effect so long as they can oppose it and thereby further their own ends. Now, Sir, we in Madras must protest strongly against that attitude. We stand by our rights and we do insist that it is the duty of the Government of India at the earliest possible opportunity to give effect to these Rules, which are Statutory Rules. What we do ask is a further declaration from the Government of India that they do not share the attitude of the Bombay representatives, that they recognise our claims and that they intend to give effect to them. I sincerely trust that the Honourable the Finance Member will find himself in a position to give these assurances to which we are legitimately entitled, and I can assure him that in that case we have no intention of further pressing this question. We shall rest secure in the assurance which we hope he will be in a position to give us and we shall trust that

he will give effect to them and direct his financial policy by all possible means towards that end.

The Honourable Sir Basil Blackett (Finance Member): This subject, Sir, seems to be one which lends itself to metaphors. I understand that Madras is the milch-cow of India. I myself have been compared to so many kinds of animals to-day that I find difficulty in keeping pace with them. Mr. Haigh, I think, said I was a dark horse. I hope that if he is in the habit of betting he will not judge by my form to-day as to what I am going to say next week.

Obviously, as the House is well aware, this is not the most convenient moment for the Government of India to express its views on the subject of the provincial contributions. The Budget is after all only a week ahead. I make no complaint at all that this Resolution has been moved to-day. On the contrary, I had not the honour of being present at Simla last year; so the debate has been extremely interesting and valuable to me and has brought me much knowledge. There has been such a multiplicity of counsellors that I do not know that it has brought me all the wisdom that I should have desired. But none the less I have no complaint to make and I am very glad to have been able to listen to the real grievances and the fancied grievances of the tax-payers of India.

Now it is natural and proper that representatives coming from individual Provinces should voice the views of their Governments in regard to those provincial contributions. But after all, we here to-day represent—we are the Legislative Assembly for India as a whole, and our first duty is to the Budget of the Central Government. Every Federal Government of which I know comes up against this sort of difficulty. Mr. Haigh has an idea of provincial autonomy and the right of a Province to use its own resources which seems to me to imply as a corollary that the Federal Government have no rights at all in Bombay.

Mr. P. B. Haigh: May I say, Sir, that I never made any such suggestion. I deliberately refrained from arguing at length what I called the case of Bombay.

The Honourable Sir Basil Blackett: I apologise to Mr. Haigh if I overstated anything. What I think he said was that Bombay claimed its right to all its resources. I think if Bombay claims its right to all its resources, there is very little room for the Central Government. However, if my inference was incorrect, I apologise at once. We here represent India as a whole. Next week I am going to have the honour of laying before this House an account of the stewardship of the Government of India for the year 1922-23 and of its proposed action during 1923-24. I submit, Sir, that to debate to-day the question whether additional taxation or existing taxation should be set aside for the purpose of an immediate reduction in provincial contributions is an impossibility in the absence of all the material facts which will not be before us till next week. I recognise that every one of the Provinces takes a very deep interest in its contribution. Except perhaps Bombay which desires to manage the matter in its own way, all of them are looking to the Government of India at an early date to reduce their contributions. Now the Government of India is under a very definite

pledge in this matter which has been repeated again and again. It is, as one member—Dr. Gour—said, *res judicata*. The Government of India has promised—the exact words I think are :

“ That they will shape their financial policy towards the reduction and eventual extinction of the provincial contributions.”

That is not merely a promise ; it is a statement of fact. The Government of India is and has been steadfastly shaping its policy towards the reduction and eventual extinction of the provincial contributions. I have too much sympathy with my own position in trying to balance the Budget not to have sympathy with the Finance Members in the Provincial Governments. But charity begins at home. Our first duty is to balance our own Budget, and I submit that it is the duty of all of us here as representatives of India in an All-India Assembly to direct our attention first and foremost to what is our primary duty in this matter, which is the balancing of our own Budget, being quite sure that that is essentially the first step towards that reduction and eventual extinction of the provincial contributions to which we are all looking forward. Obviously I cannot say very much that is to the comfort of Bombay to-day. Lord Meston's award, whether it is the best possible or not, is *res judicata*. It obviously holds the field for the time being and for the time being that award must surely be regarded as a closed issue. If you re-open that award it would merely add new elements of uncertainty to the Central Budget and to all of the provincial Budgets. A time may come when the contributions have been extinguished when it may be desirable to re-open the question, but the time surely is not yet. For those who are in favour, unlike Bombay, of the Government of India keeping its promise and steadfastly directing its policy towards the reduction and eventual extinction of the provincial contributions I do not think I can say more than I have already said. The Government is and has been directing its policy to that end. If I were to say more I should be anticipating what will have to be said next week. There is really a very large measure of agreement I think in this House on this Resolution. The original Resolution recommended that steps be taken immediately to set apart some revenues for the purpose of wiping out all contributions from the Provinces in the course of six years. The amendment dots the i's and substitutes for the word “ immediately ” the words “ with effect from the financial year 1923-24 ” and it also seeks to do the needful within seven years. Until the Honourable Mover got up I was in doubt as to whether the words “ to set apart some revenues ” meant to impose additional taxation or whether they meant simply to set apart some of the existing taxation. I am still in a certain amount of doubt on that point, but quite clearly the word “ immediately ” means in the year 1923-24, and 6 or 7 years fixes a definite time limit. Now, I would like the House to consider this possibility. It does not necessarily follow if there is no reduction in 1923-24 in the provincial contributions that the whole of them may not be wiped out in less than six years. It is not necessary that we should proceed by arithmetically proportionate steps, and I think also Government would quite clearly be mistaken if it were to accept willingly a time limit when it is subject to all the contingencies which in this wicked world of to-day Governments are faced with. But there is a general measure of agreement

and it does seem to me a pity that we should go into different lobbies to vote for and against this Resolution or this amendment. Sir, if I may be permitted I should like to suggest that after the very interesting and instructive debate that we have had we should now adjourn the discussion. I should like to move if I may that the discussion be now adjourned.

The motion was adopted.

1st March 1923.

BUDGET FOR 1923-24.

I.—INTRODUCTORY.

The Honourable Sir Basil Blackett (Finance Member): Mr. President, in rising to-day to present the budget statement for 1923-24, I claim, and I know I shall receive, the privileges of a new-comer and a new Member. It is a great privilege for me thus to be able to fulfil an old dream of returning to the land of my birth to serve India as so many of my ancestors have done. But two months is a very insufficient time for the task of preparing to present a budget to this House. I am, however, in many ways fortunate. First and foremost, I have the devoted services of the Finance Department under the Honourable Mr. Cook. Without their help there would have been no budget. I am the inheritor of the fruits of three years of hard labour of my friend Sir Malcolm Hailey. If there is a gleam of light in the budget which I am about to present, it is his doing. The fruit is the fruit of seed which he had sown, and I am reaping where he has ploughed. I am afraid that he had to put up with much inclement weather, with storms and rumours of storms, but if there is promise of harvest to-day, the credit is to him. For nothing perhaps am I more indebted to him than for his share in the credit of securing the appointment of the strong and able Retrenchment Committee, which has been so well presided over by Lord Inchcape. Possibly the most interesting part of the papers which I am laying on the table to-day and in the next few days in connection with the budget will be the report of the Inchcape Committee. Lord Inchcape shocked my modesty a few days ago by describing himself as my forerunner. He and his colleagues can perhaps be more aptly compared to the burly forwards in the American game of football on whom falls the duty of charging ahead of the man with the ball and beating down, with all permissible violence, any opponent who threatens to check his progress. Whatever views individual Members may take of this or that recommendation for retrenchment made by the committee,—and I never heard any recommendation for retrenchment anywhere, except the stopping of the salary of the Finance Member, which was really popular,—I know the whole House will be unanimous in joining with me in expressing our heartfelt gratitude to the Committee for their devoted work, and, as I think I may promise, for their remarkable success in what is the most ungrateful of all ungrateful tasks.

2. Mr. President, my first duty to-day is to lay before this House the figures of the outturn, or rather the probable outturn, of the year 1922-23. Since I came to India, I have much envied the position of the British Chancellor of the Exchequer who, in presenting his budget, is always able to give

accurate figures for the year which, under the British system, has just closed, and not, as under the Indian system, is about to close. He is not confronted, as I am, with the necessity of making what is after all only a second guess on the basis of the first nine or ten months' experience of what the real figures are for the year preceding the year to which the budget which he is presenting relates. When I have laid before the House the figures for 1922-23, I hope to make a short review of the general financial position of India at the close of 1922-23, that is, the position as it presented itself to a new-comer as I am. It will then be my task to proceed with my proper function to-day—the presentation of the budget for 1923-24.

II.—REVIEW OF THE YEAR 1922-23.

3. The budget estimates of the current year as finally passed provided for a deficit of 9.16 crores, the estimated revenue (including new taxation and increased postage and railway rates expected to yield 18½ crores), being 133.23 crores, and the expenditure 142.39 crores. There is a saving of 4.14 crores on expenditure, but revenue will be 12.48 crores less than the estimate, so that as now revised the estimates point to a deficit this year of 17½ crores.

Revenue.

4. Our revenue estimates were not based on a hope of any marked or striking revival in trade, although we certainly expected some slight improvement on the general trade conditions of the previous year. On the whole, this anticipation has been justified. There was considerable stagnation during the earlier part of the summer, but, except perhaps in the cotton mill industry in Bombay, the general feeling prevailing in the business community has for some months been one of mild optimism. Considering the impoverishment of many of our former customers, our exports have undoubtedly shown a promising recovery, and, so far as merchandise alone is concerned, the balance of trade in favour of India during the first ten months of the financial year has been 62 crores which contrasts with an adverse balance of 29½ crores in the corresponding ten months of the preceding year. As against this, there has been a substantial net import of bullion in the current year, but after including the bullion figures there still remains a net balance of 20 crores in favour of India instead of an adverse balance of 33 crores in the first ten months of last year.

5. Under Customs we budgeted for a total net revenue of 45½ crores, of which 9 crores was expected to accrue from the enhancement of duties imposed in the Finance Act of March last. We now expect a Customs revenue which will be some 3 crores short of the figure budgeted for. The most uncertain, and at the same time one of the most important factors affecting our revenue is the import of sugar, which in the previous year had yielded us the unprecedentedly large figure of 6½ crores at the old rate of duty of 15 per cent. For the current year we did not anticipate the continuance of such abnormally large imports, but expected, on the increased duty of 25 per cent., to realise

about 6½ crores. The figures of imports vary in a very erratic way from month to month which makes estimating difficult ; recently, owing to a large drop in prices, imports were held up in order to get the benefit of the revised tariff valuation which came into force from the 1st January. We expect, therefore, large imports in the last 3 months of the year though the effect of this will be counterbalanced by the duty being calculated on a lower valuation. On the whole, we expect that the revenue from sugar will be less by 1½ crores than the budget figure. The excise duty on cotton manufactures will also bring us in substantially less than we expected ; owing to the high price of cotton and a fall in the price of cotton cloth in the internal markets, there has recently been a reduced output from the mills, and we expect to be about 60 lakhs down under this head. As regards the other tariff heads, it is probable that there will be some deficiency in the revenue from liquors, matches, machinery, cutlery and other manufactured articles, but any losses here should be nearly counterbalanced by increased revenue from import duties on cotton piece-goods (which may give us 96 lakhs more than our estimated revenue of 5,60 lakhs), iron and steel and other metals, while the new excise duty on kerosene is likely to bring us in 89 lakhs as against 40 lakhs budgeted for.

6. Before leaving the subject of Customs, I must refer briefly to a matter which has attracted some public attention during the year, namely, our revenue from the so-called "luxury" articles, which are assessed to duty at 30 per cent. Honourable Members will have seen from time to time various articles in the press, the object of which was to show that this high rate of duty has very seriously affected the trades concerned, and it was implied, if it was not asserted, that a lower rate of duty would have brought in more revenue. These contentions are scarcely borne out by the facts. In the current year we budgeted for a return of 2,84 lakhs from the 30 per cent. duty ; we actually expect to receive only 11 lakhs less in spite of a considerable fall in prices. The principal articles included in the 30 per cent. schedule are motor cars, silk manufactures, glass bangles and beads, and tyres and tubes. Except in the case of silk manufactures, the quantities imported during the first nine months of the current year have been in excess of those imported in the corresponding period of the preceding year. Nearly twice as many motor cars have been imported ; and if the value of the cars imported has fallen considerably, this is due partly to the general fall in world prices and partly to the fact that people have been importing the cheaper American car in preference to the more expensive English car. I doubt very much if the duty has had much to do with this substitution. The conclusion is that there is certainly no case at present for any alteration of the schedule.

7. As Honourable Members will have seen from the published returns, our traffic receipts from railways have been disappointing. The increase in passenger fares was expected to add some 6 crores to the receipts. Traffic, both passenger and goods, especially the latter, has, however, fallen off, and as against the estimated gross traffic receipts of 99½ crores, we do not expect to get more than 92, the small improvement over the gross earnings of last year being mainly due to the increased passenger fares. On the other hand, we expect a saving of

Railways.

2½ crores on that portion of the expenditure on replacements and renewals which is debitable to revenue, counterbalanced by an excess of about 1 crore in ordinary working expenses. Altogether our net railway revenue is likely to be down by 5½ crores. Taking into account interest charges, I am sorry to say that the final result for the general tax-payer will be that there will again be no profit from railways, but a loss of about a crore.

8. The effect of the new postal rates, during the first few months of the financial year, was to reduce correspondence, but there have since been signs of recovery, and the public are now gradually getting used to the higher postal charges. Posts and Telegraphs. For the present, however, I think we must anticipate a diminution of 1,06 lakhs in our anticipated receipts in 1922-23. There is a small saving in working expenses, and after debiting interest, the department will probably prove to have been running at a profit of about 24 lakhs.

9. We expected large arrear income-tax collections, but after the beginning of the year it became evident, not only that the allowances that we should have to make for bad debts, etc., would be large, but also that our revenue was to be seriously affected by heavy refunds which have had to be made in Calcutta as a result of the adjustment system in force under the former Act; fortunately this will, under the new Act, not disturb our estimates again. I understand that in Calcutta companies have in many cases actually received a cheque from the income-tax authorities instead of paying any tax to Government, and the net receipts in Bengal are not expected to be more than 3½ crores. The collections have been good in the other provinces, particularly in Bombay, though the lower profits which the cotton mills have recently been making will, I fear, affect our revenue from that city in 1923-24. Altogether, we expect a total deterioration of 3½ crores. Income-tax.

10. As regards other heads, I need only say that we expect to get 89 lakhs more from opium than we anticipated, and there will probably be some slight improvement—7 lakhs or so—under salt. Opium and salt.

Expenditure.

11. On the expenditure side, there will be a substantial saving of about 1,86 lakhs in our budget provision for interest on debt. Our rupee and sterling borrowings have been larger than we budgeted for, but a full half year's interest in respect of the greater part of these does not fall due till next year; the success of our borrowings has, moreover, enabled us to fund a substantial portion of our floating debt, and the payment of interest made for short periods this year on our new loans is less than that which would have been payable for the replacement of the treasury bills discharged. Interest.

The House will recollect that a special provision of 60 lakhs was entered in the Civil estimates as part of the expenditure in Waziristan (under the head "Political"). Other Civil expenditure.

[PART I.]

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PART I.]

INDIA'S PARLIAMENT.

We now anticipate that there will be a saving of nearly 1 crore owing to a part of the expenditure being thrown off. There will also be a saving of $\frac{3}{4}$ crore in other civil expenditure as a result of retrenchments carried out during the year.

The average rate of Exchange for which we budgeted is 1s. 4d. We expect no appreciable deviation under this head.

12. Before dealing with military expenditure, I must mention a change which has been made in the method of accounting showing the figures ; it affects the commercial heads but is most marked in the military portion of the accounts. Our practice in the past has been to distribute exchange adjustments between the individual heads of account in so far as the commercial services were concerned and to lump the entries under one head " Exchange " in the military heads. This method would answer well enough if the exchange rate was the statutory rate (2 shillings to the rupee) and the actual rate was not far from it, but it gives our figures a misleading appearance when the difference between the two rates is as large as has been the case during the past few years. It is not at all surprising, therefore, that serious objection was made to the distribution of exchange adjustments in the course of the discussion of the budget in Bombay. I have endeavoured to rectify this on the ground that it had the effect, on the surface, of largely increasing the actual expenditure incurred on military services. It has now been decided to distribute the exchange adjustments between the individual heads of account in the military accounts and estimates. The figures of military expenditure for the year ending 31st March 1923 give this morning have accordingly been arrived at after making allowance for the exchange rate of 1s. 4d.

13. The Budget provided 65.10 crores for the establishment of the Indian Army, 2.13 crores for War Office, and 52 lakhs for demobilisation charges, making a total of 67.75 crores. In regard to the Waziristan and North-West Frontier Provinces, the predecessor stated that the figure could be regarded as a forecast, as it is always difficult to forecast the exact effect of military operations of a certain nature. His apprehension has unhappily proved correct. The actual expenditure in 1922-23 is now estimated at 3.85 crores, and the charges will amount to 2.8 crores owing to unexpected expenses, the discharge of surplus officers and to a claim from the War Office for the cost of demobilisation of British troops which had become surplus to the requirements of Indian establishments. On the other hand, the establishment of the Indian Army now amount to only 60½ crores, owing to a continued reduction in the number of troops, fall in prices and a variety of other causes. A careful examination has been maintained over these charges ; and savings in Budgetary estimates have been allowed to be re-appropriated for new measures involving expenditure of any considerable magnitude, though a small portion had

Summary of variations.

14. These variations in revenue and expenditure are summarised below :

	(In lakhs of rupees)	
	(+ better — worse).	
(i) Customs revenue, less . . . . .	...	3,12
(ii) Income-tax revenue, less . . . . .	...	3,42
(iii) Opium and salt revenue, more	96	...
(iv) Net revenue from Railways, less . . . . .	...	5,86
(v) Net revenue from Posts and Telegraphs, less . . . . .	...	94
(vi) Interest and Currency receipts, more	51	...
(vii) Saving in provision for interest on debt	1,86	...
(viii) Saving in military expenditure (net)	46	...
(ix) Saving in civil expenditure (including Political expenditure in Waziristan) and other items	1,21	...
	5,00	13,34
	—8,34	
Deficit as budgeted for	—9,16	
	—17,50	
Deficit according to present estimate	—17,50	

III.—POSITION OF INDIAN FINANCES AT THE CLOSE OF 1922-23.

15. Before I proceed to present the budget for 1923-24, I should like, with the permission of the House, to make a short survey of the financial position of India at the present time, and to attempt to give the House a new-comer's first impressions, or as Mr. Punch would say, first depressions. I am afraid that much of what I say may sound rather superficial, and that I shall be open to the charge of doing what has been done before by more than one globe trotter who, after spending a few weeks in the country, sets to and writes a book about India. One of the many books about India which I brought with me to read on board ship on my way out was a volume entitled "The Moral and Material Progress Report." I was rather shocked by the odd assumption in the title that there had necessarily been progress. When I came to look into the finances of India for the last few years, I was tempted to wonder whether it was not rather a rake's progress. For five years in succession, India has had a deficit. The accumulated total of these deficits amounts to no less than 100 crores, and this in spite of the fact that in the last two budgets additional taxation has been imposed estimated to bring in about 28 crores during the year 1922-23. Even this is not the whole story. Apart from our revenue deficits, we have spent many crores on unproductive purposes, the expenditure on which is classed as capital expenditure. New Delhi is the most obvious example. I can see no justification, other than sheer necessity, for not treating this expenditure as chargeable against revenue, and in any case it ought to be repaid out of revenue at an early date. Moreover, besides the deficit of the Central Government, the recurring deficits of the provincial Governments and of many local bodies throughout India must not be forgotten.

16. I ask the House to pause a moment and consider what these deficits mean. Unfortunately, we are accustomed in these days all over the world to budget deficits, and familiarity breeds contempt in spite of the fact that more than one awful example is before us among the nations of Europe of the chaos which continued budget deficits inevitably induce. The individual who lives beyond his income year by year does not escape the penalty and the same is true of a State. The individual who makes this mistake quickly finds himself compelled to consent to a ruthless cutting down of his expenditure or is driven either to sell or to mortgage a part or the whole of his possessions ; or, in the worst event, to cheat his creditors. A State is in the same position, but the position is frequently obscured by the fact that the State's creditors are in another capacity the citizens of the State and its taxpayers. And the State which is driven to cheat its creditors does not always realise what it is doing although its unsound methods are adopted at the expense not only of the wealth and happiness of its own citizens, but also at considerable risk to social order within its borders. Much of the present unrest in the world is due to the way in which States in all parts of the world have cheated their creditors by unsound currency manipulation and the creation of paper money with no real assets behind it.

17. India has not entirely escaped the evils of taxation through inflation, but as compared with many other countries she has come off well. Out of the total deficit of 100 crores during the last five years, it is estimated that 31 crores have been covered by the creation of paper money, representing nothing but the I. O. U.'s of the Government of India. The remainder amounting to 69 crores has been raised by borrowing. Moreover to the extent of 22 crores the borrowing has thus far taken the form of issues of Treasury Bills to the public. It is true that, owing to special conditions during 1922-23, we were able to reduce our Treasury Bills by 32 crores, in spite of the deficit, out of the proceeds of long-term loans. Still, 22 crores of Treasury Bills in a country like India is far too large an amount to have outstanding. A large volume of Treasury Bills is an evil even in England, where the condition of the money market is such that it is always possible to renew maturing bills by offering a competitive rate, but in India conditions might easily arise under which even an impossibly high rate would be insufficient, and in that case the Government of India would be driven back to replacing the Treasury Bills by paper currency, i.e., would be driven to taxation by inflation.

18. In this connection, a word may be said about our early maturing debt. We have to find the means of meeting bonds during the next three or four years to the extent of 5½ crores in 1923, 3¾ crores in 1925, and nearly 38 crores in 1926. These amounts, too, have to be competed for against other demands on the market, and may be said, in part at any rate, to be one of the outcomes of the deficits for the last few years.

19. But the deficits of 100 crores can be looked at from another point of view, when again their evil effects are prominent. In the budget for 1923-24, the charge for interest

would be at least 5½ crores less had it not been for these accumulated deficits. This extra 5½ crores has to be met either by reducing expenditure, possibly by reducing desirable expenditure, or by raising new taxation, or at best by maintaining existing taxes which could otherwise be reduced.

20. Moreover the continued deficits are threatening to impair India's credit in the market both at home and abroad, and increasing the cost of borrowing whether for covering the deficits or for new capital expenditure. Effect on India's credit and handicap to her development. India is a country where, as it seems to me, there is an almost unlimited field for new capital expenditure on new development. At the last Assembly of the League of Nations at Geneva, India established her claim to be one of the eight premier industrial States of the world. Every one admits, however, that India is only at the beginning of her industrial development, and it is out of her capital resources, *i.e.*, out of her accumulated savings and her new savings, that the capital to develop India industrially must be found. We have borrowed all that we could borrow in India and in England during the last few years for capital expenditure purposes, and we have undertaken a minimum programme of 30 crores a year for capital expenditure on Railways. I wish it could be more. So far as I can judge at the present time, the amount which might usefully be spent on profitable development of transportation in India is limited mainly by the possibilities of finding capital resources. Yet we have spent 100 crores out of capital in the last five years in financing deficits, thereby diminishing to a corresponding extent the resources available for developing India. Let us make no mistake about it. If recourse to inflation is ruled out, if it is agreed that the concealed method of taxation by inflation is the worst of all methods, the money to meet the annual expenditure of India, whether on capital or on revenue account, must come out of the savings of the country. The only exception, which is not a real exception, to this statement is that some of the capital may be borrowed abroad, and it has of course been a commonplace of the history of the last century that capital has been found by the older industrial countries of the world for the development of new-comers in the field, to the great advantage both of the borrower and of the lender. But the amount that India can borrow abroad is limited both by the amount available abroad, which in the present condition of the world may prove a comparatively small amount for some time to come, and by the capacity of the borrower to meet the annual charges for interest. These annual charges for interest are in effect a claim on the future resources of India and ultimately come out of the same pocket as the money required to meet the rest of India's expenditure, *i.e.*, out of the savings of the people. To sum up, the deficits of the last few years have brought in their train a certain amount of taxation by inflation, a heavy annual charge on the present and future budgets of India, a deterioration in India's credit, an increase in the cost of borrowing, and a depletion of the resources available for desirable capital development.

21. Perhaps I may be allowed to digress at this moment to touch on a subject in which I have always taken very great interest. Every one who has studied the subject agrees that a wonderful era of prosperity would be

Necessity for stimulating
habit of investment.

ahead of India if the habit of investment could be stimulated, if investment in India became anything like as general a practice as it is in such countries as England and France. It is true that much has been done in recent years. The rupee loans of the last few years have been unprecedented in amount. But much remains to be done if the Indian people are to form the habit of investing their talents in reproductive enterprises rather than wrapping them up in a napkin, and perhaps I should also add, if some of them could learn to be content with sound and steady returns on the money they invest instead of looking for impossibly high dividends.

22. I have been making some inquiries as to the progress of the Post Office Cash Certificates. I was an original member of the National Savings Committee appointed in England at the beginning of 1916 largely through the efforts of Mr. Montagu and was privileged to take a part in what is widely regarded in England as a most extraordinarily successful movement. The change from thriftlessness to thrifty habits which has taken place among many sections of the English people has been described as a revolution. National Savings Certificates to the value of nearly £360 millions are now held by the small investor in the United Kingdom. When I contrast the sales of the Post Office Cash Certificates, which were not inconsiderable during the war when they were first started but have since declined, I cannot help thinking that there must be great possibilities of development in this system. What a great improvement in our financial outlook would result if by development of the Post Office Cash Certificate system a considerable part, if not the whole, of the money required for provincial capital expenditure could be found out of the proceeds of Cash Certificates! It is my earnest hope that before long means may be found for taking up this subject in earnest. It is a subject in which above all others, if we are to succeed, non-official effort must be enlisted to second governmental action.

23. As the results of the deficits of the last few years and of the war, India's debt has grown from a total of 4,11 crores on the 31st March 1914 to an estimated total of 7,81 crores on the 31st March 1923. This figure includes the floating debt and the early maturing debt of which I have already spoken, but it excludes no less than 63 crores of obligations which it is I find the practice to treat separately from the debt of India, though as far as I can see these obligations are just as much a part of India's debt as the rest. Taking, however, the figure of 7,81 crores which I have given of the total debt of India on the 31st March 1923, we find that 5,57 crores is classed as productive and 2,24 crores as ordinary or unproductive debt. The proportion of productive to unproductive debt is one which naturally looks strikingly good to any one who thinks of Great Britain's figure of £7,500 millions of debt, all of which has gone in powder and shot. But this comparison must not blind us to the fact that since the 31st March 1914 the total debt has increased by 3,70 crores and the unproductive debt by 2,27 crores, and we must not forget that the yield on that part of our productive debt which is invested in railways has not been sufficient in the last two years to meet the interest charges.

24. The debt, again, has to be divided between rupee debt and sterling debt. The rupee debt has risen since the 31st March 1914 from 1,46 crores to

4,21 crores and the sterling debt has risen from £177 millions to £240 millions in the same period. The sterling debt of £240 millions represents a claim on India's production of goods and services in the future up to the value of the principal together with a further claim on those goods and services for interest during the interval until the principal is paid off.

25. This question of the sterling debt brings me by a natural transition

Currency and Exchange.

to a new subject, which is certainly not the last one to be brought to the attention of an incoming Finance Member—I mean the question of currency and exchange. Now, it is no good crying over spilt milk, and I do not think the House will expect me to delve deeply into the history of Indian currency during recent years. It is easy to be wise after the event. There were some wise men, however, even in 1919-20, who held that the right course at that time would have been to adopt a waiting policy, and I am convinced that, for the moment at any rate, a waiting policy is still the right policy. What was it that upset the equilibrium of the rupee-sterling exchange which had been so painfully stabilised at 1s. 4d. at about the end of the 19th century? Primarily of course it was the Great War and the adoption of inflationary methods by all the belligerent countries. Whatever system of currency had been in force in India during the Great War, it would have been profoundly disturbed by the events of 1914-18. In so far as India had a choice and was not swept along in the maelstrom of world events, India's choice was necessarily between an attempt to keep the exchange value of the rupee more or less stable and an attempt to keep rupee prices more or less stable. As a matter of fact, India's first choice was the former, and for some time the rupee remained at or about 1s. 4d., but then the rise in the price of silver, which occurred as the natural consequence of the fall in the purchasing power of gold, introduced a new complication. It is impossible over a long period to keep a coin in circulation which is worth more as bullion than it is as current coin. Once the traditional figure of 1s. 4d. for the rupee was departed from nothing remained stable, though in comparison with the rest of the world Indian prices up till 1920 remained relatively stable in terms of gold. Thus, it was essentially the rise in the price of silver which upset the Indian currency system. I need say no more of the attempt that was made to stabilise the rupee at a new, or rather at the old, fixed rate of 2 shillings gold in 1920 except that it failed. Looking back, we are able to say that the attempt was an almost impossible one with all the exchanges of the world out of gear, with world prices moving up and then down with unexampled rapidity, and with relative prices as between one commodity and another fluctuating in an unheard-of manner. Can we say that the position to-day is such that an attempt to give the rupee a fixed value, whether at 1s. 4d. or any other rate, in terms of gold, or in terms of some other currency, is much more likely to succeed than it was in 1920? I think not. The French are in the Ruhr; the whole of Continental Europe is faced with the threat of impending chaos; throughout the world prices are unstable; sterling has approached close to par with gold but it is not yet at par; and even if it were at par, it is too soon to say whether political and monetary conditions in the United States may not lead to a fresh cycle of rising prices in terms of dollars which would almost necessarily have to be followed by a rise in sterling prices. For the moment, therefore, I repeat

that the time has not yet come for a new attempt to fix the rupee, whether at 1s. 4d., 1s. 6d., or any other figure.

26. Subject, however, to one essential condition, namely, that the era of unbalanced budgets, central, provincial and local, in India, is succeeded by an era of balanced budgets, there is, I think, reason to regard the currency position of India with some satisfaction. We had a good monsoon last year and India's export trade has taken a turn for the better. For internal purposes the metallic reserve of silver seems to be fully ample to maintain the convertibility of the paper currency. In addition to the reserve of silver rupees, there is in the Paper Currency Reserve a sum of £24 millions in gold, and in sterling securities, easily convertible into foreign exchange, a total of £5,800,000 sterling. Over and above and outside these Reserves, we have £40 millions in the Gold Standard Reserve. In spite of the separation between the two Reserves, if we are looking at the resources available for maintaining the rate of exchange of the rupee, the sterling securities in the Paper Currency Reserve and the Gold Standard Reserve all serve the same purpose.

27. The movements of the rupee-sterling exchange during the past year reflect a clear improvement in the position of the rupee. A year ago, in February 1922, the telegraphic transfer rate in Calcutta on London had fallen as low as 1s. 2½d.; and it was not till the end of December that it reached 1s. 4d. Since then, after a rather rapid rise to over 1s. 5d., followed by a sharp reaction, it is for the moment fairly steady at between 1s. 4d. and 1s. 4½d. This improvement in terms of sterling reflects an even greater improvement in terms of gold owing to the rise which has taken place during the year in the value of sterling in terms of gold, and the improvement is reflected also in prices. The Bombay Labour Office figure for Indian wholesale prices for December 1921 was 190. For December 1922 the corresponding figure was 173. There has been a still more striking fall in retail prices of food grains. This fall in Indian prices has been taking place during a period in which there has been an actual rise in dollar prices and sterling prices have remained approximately stationary.

28. I have said that I do not think the time has come for fixing on a new policy in regard to exchange. I do, however, want to make one or two general observations. There is no sanctity in this era of instability about any particular rate of exchange, whether 1s. 4d. or 2s. or anything else; it is simply a question of what rate of exchange best suits India's needs. Ultimately India's payments outside India are, and must be, made in the form of exports of Indian goods and services. But if we look at the matter from the narrow point of view of the budget, the following statistical data are of interest. The Government of India's sterling debt of £240 millions sterling at 1s. 4d. amounts to 360 crores, at 1s. 5d. it amounts to 339 crores, at 1s. 6d. it amounts to 320 crores while at 2s. it amounts to 240 crores. Of the deficit for 1922-23, 5½ crores would have been saved had exchange been at 1s. 6d. and 9½ crores if it had been at 1s. 8d. Statistics proverbially can be made to prove anything. Nevertheless, these figures are striking and it must be remembered that, apart

from the sterling indebtedness of the Government of India, there are large sterling debts owed by municipalities, port trusts, and many other Indian borrowers, who would all be individually benefited by a higher exchange so far as their sterling indebtedness is concerned. Then, again, although since 1920 the tendency of rupee prices to remain relatively more stable than world prices, or rather to follow changes in world prices rather slowly, has to a large extent ceased to operate, it is very doubtful, I think, whether internal prices in India have yet adjusted themselves to a level corresponding to a 1s. 4d. exchange, so that were exchange stabilised now at 1s. 4d., internal prices would have to go up, and certainly there are various kinds of Government expenditure which would have to go up considerably in terms of rupees. Finally, we do not want ever again to find the rupee more valuable as bullion than as currency. That is one side of the picture. There is, of course, another side. An attempt to force up exchange violently would at once cause stringency. Severe stringency in the money market is never desirable for its own sake, is always bad for trade for the time being, and is most inconvenient from the point of view of a government which is engaged on a programme of capital expenditure, involving considerable capital borrowings. Any policy which threatened seriously to restrict India's exports is also to be deprecated, and trade above all desires stability of exchange, perhaps even more than stability of prices. I myself had some part in the International Conference at Genoa last April and May, and the first recommendation of that Conference was that "an essential requisite of the economic reconstruction of Europe is the achievement by each country of stability in the value of its currency." If, therefore, the time has not yet come for an attempt finally to stabilise the currency of India, stability is our goal and we mean to achieve it at the first opportunity.

IV.—BUDGET FOR 1923-24.

Expenditure.

29. While drawing attention to the above recommendation of the Genoa Conference, I am naturally led to quote another of its most important recommendations, which reads :

"In each country, the first step towards re-establishing a gold standard would be the balancing of the annual expenditure of the State without the creation of fresh credit unrepresented by new assets. The balancing of the budget is the first consideration."

What then about the budget for 1923-24? It is going to be balanced? The Members of the Legislature are not the only people in India who are taking an interest in this question. Only a few days ago, I received the following postcard :

"Sir, kindly let us know by wire at our expense whether the customs duty will be decreased or increased on foreign imported wines and spirits. Awaiting your favourable reply by wire."

30. At the outset of my statement of the figures for 1923-24, I must explain what action the Government of India propose to adopt in order to be able to show the results of the report of the Retrenchment Committee in the budget figures. The Retrenchment Committee.

first part of the report of the Inchcape Committee came into the hands of the Government little more than a fortnight ago, while the second part of the report reached us only on Saturday last and the third part yesterday. The complete and final report has not yet been signed. It has been a difficult problem to decide how to fit the proposals of the Retrenchment Committee into the budget. A report of this importance obviously requires careful and detailed examination by the Government of India in consultation with the Secretary of State, and the House will naturally desire an opportunity of studying the proposals on their merits. There has not been time, therefore, for final conclusions to be arrived at in regard to a great many of the Committee's recommendations. On the other hand, it was obviously necessary to frame a budget in which allowance would be made for the reductions in expenditure which we all expect to result from the Committee's work. In any circumstances, it would, of course, have been impossible, and it is clearly recognised by the Retrenchment Committee itself that it would be impossible, to obtain the full value of the cuts which are to be made in the first year of operation. Some of the retrenchments proposed can only be introduced gradually so that allowance has to be made for what I may call the "lag," while in many cases allowance has to be made for extra expenditure on what I may call the "terminal charges," i.e., special charges which have to be incurred in closing down establishments and getting rid of the staff. Throughout its report, the Committee's recommendations are given in the form of reductions on the budget figures for 1922-23, which are, of course, quite different from the budget figures for 1923-24 as they appear before allowance is made for special cuts based on the Committee's recommendations. A fair proportion of the total reductions recommended by the Committee are either automatic reductions on the 1922-23 figures or actual retrenchments which we ourselves have been able to effect in the budget for 1923-24 in advance of the receipt of the Committee's recommendations. The activities of the Committee cast their shadow before, and estimates prepared in the atmosphere of economy which they created naturally reflected part of that atmosphere.

31. In the Military budget, we have been able to take credit for the reductions, which, subject to final agreement with the authorities in London, we propose to effect as the outcome of the Retrenchment Committee's recommendations. This we were able to do because we had advance knowledge of the reductions which were going to be proposed, and His Excellency the Commander-in-Chief, working in close co-operation with the Retrenchment Committee and with his Colleagues in the Government, had arrived at a general agreement in regard to the total. In the case of the Posts and Telegraphs budget, we have been able to present figures showing the effect for 1923-24 of some though not all of the reductions which we propose to effect in consequence of the recommendations of the Retrenchment Committee. Our preparations could not be so far advanced in regard to the other Civil Departments. It was necessary to prepare, for the purpose of presentation to this House, the estimates for the Demands for Grants before we had sufficient knowledge of the proposals which were going to be made by the Retrenchment Committee. The estimates for the Demands for Grants, which are about to be presented, accord-

ingly show the figures of civil expenditure before allowance is made for special retrenchments consequent on the report of the Committee. As I have already explained, this does not mean that none of the results of what the Committee recommends appear in those estimates, but simply that the final retrenchments are not included in the figures.

32. Our problem, therefore, has been how to include in the budget statement the additional reductions which we hope to effect after studying the report of the Committee, and how to place the House in a position to examine and vote on the Demands for Grants in proper form. The Government are not yet in a position to announce definitely which of the particular recommendations of the Committee will be adopted; nor has it been possible to frame an accurate forecast of the allowance to be made for the fact that particular retrenchments cannot come into full effect as early as the 1st April 1923. But after giving careful consideration to the report, the Government of India have decided that they will be justified in taking the responsibility of saying that they believe that a reduction of 4 crores can be effected, over and above what has already been done, either in the ways proposed by the Retrenchment Committee or by some modification of them. A further paper will be circulated as soon as possible showing how this lump sum reduction of 4 crores is proposed to be spread over the various heads, and when the time comes for voting upon the Demands for Grants, the House will be asked to vote not the original total of each head but only the total as reduced in each case by the special cut made in the light of the Retrenchment Committee's recommendations. In the non-military portion of the Budget excluding interest, the Committee recommend reductions of about $8\frac{1}{2}$ crores on a total Budget estimate in 1922-23, of 103.9 crores. The corresponding figure in our detailed Budget statements for 1923-24 is 101.3 crores, a reduction of 2.6 crores. The House will see that our cut of 4 crores, together with the amount of 2.6 crores which represents retrenchments proposed by the Committee already taken account of in the estimates, makes a total of 6.6 crores. The difference between these two figures, amounting to less than 2 crores, represents the allowance which it is thought necessary to make for the fact that many of the recommendations, even if accepted, cannot be in full operation during 1923-24. This allowance is not a large one. The Government of India will do their utmost to make sure of converting their hopes into accomplished facts and will leave no stone unturned in their endeavour to make actual reductions to the full extent of the 4 crores. We must cut our coat according to our cloth, and where necessity drives, we must be content to forgo even desirable outlays. But I cannot conceal from the House that it will task all our ingenuity to give full effect to the 4 crores reduction within the year 1923-24, and that some risks are being taken in assuming that figure for Budget purposes.

33. Some risks are also being taken in regard to our Military expenditure, risks of the same financial kind as in the case of Civil expenditure owing to the uncertainties caused by the circumstances in which our estimates have had to be framed, and risks of a military nature as well. In the case of Military expenditure the total for which the House will be asked to provide funds.

in 1923-24 is 62 crores. This figure represents, as I have already explained, the total required after taking into consideration the recommendations of the Retrenchment Committee. This total, which includes 1.69 crores for expenditure in Waziristan, compares with the total of 67 $\frac{3}{4}$ crores for 1922-23, a reduction of 5 $\frac{3}{4}$ crores.

34. Opportunity will arise in the ordinary course for a general discussion by this House of the Army expenditure, but I may say that in the forefront of these reductions and forming the pivot on which the other reductions depend is a substantial reduction in the strength of British and Indian forces.

I am not in a position to-day to give details of the reductions in troops which it is proposed to effect. These reductions are being discussed between the Government of India and His Majesty's Government. The form which the reductions should take is necessarily a matter of some intricacy and complication as it is desirable to impair as little as possible the essential structure and organisation of the Army and so to retain after the reductions the maximum degree of efficiency. The decision, as the House will understand, is also a very responsible one and the difficulties being what they are, there simply has not been time to arrive at final decisions. In any case the full financial effect of these reductions and of other proposals in regard to the military expenditure cannot for practical reasons be expected in the coming year. If these reductions and the others which have been agreed upon could have been fully and effectively in operation by the 1st of April 1923, the net Military budget for 1923-24 would be 57.75 crores, but a sum of 4.25 crores has to be allowed for special expenditure in Waziristan and for the fact that the reductions cannot be in full force throughout the year.

35. It is not my intention to-day to go through the expenditure for 1923-24 in detail. Full statements under the various heads will be circulated, and I think it will be for the convenience of the House that I should leave Honourable Members to study these for themselves. It will be enough for me to say now, therefore, that, as compared with the original Budget Estimate of expenditure for 1922-23 of 2,15.27 crores inclusive of the working expenses of commercial departments, our total expenditure for 1923-24, taking sterling expenditure at the rate of exchange of 1s. 4d. per rupee, is estimated to be 2,04.37 crores, a reduction of 11 crores in spite of an increase of 1 $\frac{3}{4}$ crores for interest.

Revenue, 1923-24.

36. I turn now to the Revenue. In framing our revenue forecast, we have assumed that trade conditions will continue much as they are at present. We have allowed, that is, for a small growth in revenue such as may normally be expected from year to year; we have not counted upon any early boom in foreign trade.

37. Under Customs, I do not think we can prudently anticipate for next year imports of sugar on anything like the same scale as in 1921-22, and allowing for the new tariff valuation we estimate a revenue from sugar of 5 crores as against $4\frac{3}{4}$ crores for the current year. As regards the other tariff heads, we have either repeated the figure which we anticipate for the current year, or have provided for a small increase where an expansion seems probable. Altogether we assume a total gross revenue of 45.99 crores, or, allowing for refunds, a net revenue of 45.09 crores, which is 2.79 lakhs more than what we now expect to collect in the current year. This figure is arrived at after allowing for a reduction to 5 *per cent.* all round of the export duty on hides and skins, a reduction necessitated by the state of the trade.

38. As regards Income-tax, we shall not again have to make the heavy refunds to which I have already referred; on the other hand, there is fairly certain to be a falling off of revenue in Bombay, while the collection of arrears will also be less; these may be expected to balance each other, and we have entered a revenue of 19 crores, which is roughly the same as we expect to raise this year.

39. I come now to the Railway budget. There is no doubt that as soon as any marked revival in internal trade takes place, Railway earnings ought to show a considerable rise; the autumn harvest has been so good and the promises for the spring crop are so favourable that it is not unreasonable to expect a revival before long. The difficulty is to say how soon this revival will occur. Traffic receipts suffered a check in 1922-23, and on the whole I do not think it is safe to budget on the assumption that there will be a very rapid revival in 1923-24. Our estimate for gross traffic receipts is accordingly put at $95\frac{1}{2}$ crores. It is $3\frac{1}{2}$ crores higher than the revised estimate for 1922-23. Two factors account in the main for this increase of $3\frac{1}{2}$ crores. The first is that in the earlier months of 1922-23 there was a considerable loss of revenue due to the strike on the East Indian Railway and the second is that the present increased rates did not come fully into effect on all Railways until about the 1st of July 1922.

Working expenses and interest and other charges, without allowing for the share attributable to this head of the Inchcape Committee's cuts, amount to nearly the same figure, leaving a net profit for the year of 35 lakhs which compares with the net loss on the current year's budget as now revised of Rs. 92,60,000.

40. In the case of Posts and Telegraphs, we are able to estimate for a net receipt of 1.47 lakhs as compared with the net receipt of 24 lakhs in the 1922-23 budget as revised. This improvement is due in part to expected recovery in revenue and in part to reductions in working expenses made in anticipation of, or in consequence of, the recommendations of the Retrenchment Committee.

41. We thus arrive at the following budget position on the basis of existing taxation. As against an expenditure of 2,04·37 crores, we have an expected revenue of 1,98·52 crores, leaving a deficit of 5·85 crores. Before I proceed to explain to the House what we propose to do in regard to this deficit, I must turn for a moment to our ways and means position.

V.—WAYS AND MEANS.

42. Public attention is usually concentrated on the annual budget of revenue and expenditure, but the Ways and Means budget is of equal importance, for after all it is the Ways and Means budget which shows the sums which the Government has to pay out under one head or another during the year and the sums which it has to get in from the public. Whether it is a provincial overdraft or an advance on capital account, or whether it is a revenue deficit, the money to meet the outgoing has to be got in before it can go out. The Ways and Means budget is, however, one which it is difficult to present in a clear and easily intelligible form. It is never possible to adhere to a strict programme in regard to Ways and Means operations. In financing the country's various liabilities and in finding cash for our own and the provinces' day-to-day disbursements, we have to be guided very largely by the changing conditions of the money market both here and in London.

43. During the current year we expect to meet liabilities, over and above what has been met from revenue, amounting to 1,06 crores. These will have been financed mainly out of the proceeds of our rupee and sterling loans which have been on an unprecedentedly large scale. Our rupee loan realised nearly 47 crores and £31½ millions was borrowed in London during the year. One satisfactory feature of the year, to which I have already referred, is that out of these borrowings we have been able to reduce our floating debt by 40·6 crores, of which 32·4 crores consists of a net discharge of Treasury Bills held by the public and 8·2 crores of a cancellation of Treasury Bills held in the Currency Reserve. We cannot hope to continue the reduction of floating debt on the same scale over a long period, but I feel sure that the House will agree with me that it must be our constant policy to secure the early extinction of the floating debt by its conversion into securities of longer term.

44. Our sterling borrowings have facilitated the provision in London of the sums required to meet our sterling obligations during the year. But advantage has been taken of the strengthening of exchange which occurred at the New Year to effect remittance by the method of selling *Currency Bills*. Weekly sales have been taking place of moderate amounts since the beginning of January, and we have thereby been placing funds in London *as required* which, although somewhat in advance of actual requirements, is *convenient* to the market. We anticipate that our balance in London will be about £8 millions on the 31st March 1923 as against a *balance of £4 millions*, but the surplus will be required *in the next financial year*.

45. The following statement summarises the Ways and Means operations for India and England together during 1922-23 and 1923-24 :—

<i>Liabilities.</i>		(CRORES OF RUPEES.)	
		Revised.	Budget.
Railway capital outlay		21.4	38.6
Delhi, Irrigation and Telegraph capital outlay		3.0	2.9
Discharge of funded debts, etc.		12.4	5.2
Discharge of Treasury Bills—			
With the public		32.4	5.5
In the Paper Currency Reserve		8.2	
Loans to Provincial Governments		11.4	13.5
Central Government's revenue deficit		17.3	..
Drawings of Provincial Governments . . . . .		..	1.3
		<u>1,06.1</u>	<u>67.0</u>

Met as follows :

Central Government's revenue surplus . . . . .	..	2
Surplus revenue of Provincial Governments	1.0	..
Rupee loans	46.9	25.0
Sterling loans (converted at 1s. 4d.)	47.3	22.7
Net receipts from Savings Bank deposits, etc.	3.1	5.0
Miscellaneous items	2.5	2.2
Reduction of cash balances	5.3	11.9
	<u>1,06.1</u>	<u>67.0</u>

46. In 1923-24, if the measures which I propose are adopted, we shall not again have to face the necessity of financing a large revenue deficit. Our largest liability will be for Railway Capital outlay. During 1922-23, it has not been possible to spend the full 30 crores allotted under the 5-year programme; there will be a large carry forward. We are adding this to the 30 crores for next year, making a total of 38.6 crores to be provided for capital expenditure on Railways in 1923-24. We have about 5½ crores of maturing bonds to meet, and our other Capital outlay is expected to reach about 3 crores. Loans or overdrafts to the Provincial Governments will absorb 13½ crores, the greater part of which will go to the Bombay Government for expenditure on their Development scheme.

47. We expect to start the year, as I have already said, with a cash balance of £8 millions in London. We are assuming, for the purpose of the Ways and Means estimate, that we shall be able to raise £15 millions by new sterling borrowings. We are assuming for budget purposes also that we shall be able to secure a rupee loan of 25 crores. With these resources, we hope to meet the liabilities I have mentioned, and in addition to effect a further reduction of five or six crores in our floating debt. In addition to the new sterling borrowings of £15 millions we estimate that we shall require to remit £27

millions to London from India during 1923-24. It is unnecessary, I think, for me to discuss at the present moment the various alternative methods of effecting this remittance. In addition to the ordinary method of purchase of exchange, the £5½ millions in the Paper Currency Reserve in London, and after that the Gold Standard Reserve of £40 millions, can be drawn upon against an equivalent earmarking of rupees for those Reserves in India. Which particular combination of the various methods available will be adopted is a matter upon which it is impossible for Government to commit themselves in advance, since much must depend upon exchange conditions during the year.

VI.—PROVINCIAL CONTRIBUTIONS.

48. There is another subject on which I should like to say a word owing to its close connection with the problem of covering our deficit, and that is the vexed question of the provincial contributions. I do not think that any one considering Indian finances at the present time can fail to be impressed by the undesirability of a long continuance of the present unsatisfactory position in regard to the provincial contributions. The Government of India have stated plainly that, as soon as they are able to do so, they intend to reduce, and eventually extinguish, these contributions. I am aware that this is not the solution which finds universal favour, though I think this is what the majority of the Provincial Governments desire. But so long as we have a deficit in the Central budget, it is obviously impossible for us to make a beginning with the reduction of provincial contributions. Meanwhile, every Provincial Government, without exception, is finding very great difficulty in balancing its budget. The majority, I am afraid, did not succeed in doing so in 1922-23, though they are doing better I am glad to see for 1923-24 though we did not help them by our action in regard to the Stamp Duty Bill earlier this week. It has been suggested to me by more than one spokesman for the provinces that there is a feeling in the minds of the Provincial Governments and of their Legislatures that it would be unwise for them to show balanced budgets. They are, it is hinted, taking a leaf out of the book of some charitable and religious bodies which make a habit of showing an annual deficit in order to make a striking appeal to their supporters to come to their rescue. The Provincial Governments think, it is said, that they will get more sympathy from the Central Government and get rid of their provincial contributions quicker if they can show a handsome deficit and appeal to the charity of the Central Government. I should like to say for my part that the strongest appeal that the Provincial Governments can make to me in this matter of the Provincial contributions is to show themselves worthy of assistance from the Central Government by strenuous and successful endeavours to make both ends meet for themselves. Much, therefore, as we should have liked to be able to make a beginning of the reduction of the provincial contributions, it is obvious that this year we must confine ourselves to an attempt to deal with our own deficit. I would, however, add this appeal to all who are interested in a reduction in the provincial contributions. Let them give us their full support in any measures we propose for securing a balanced Central budget in the certainty that by so doing they are hastening the day when the contributions can begin to be released.

of the deficits of the last five years. But India's financial record has been so good for decades preceding those five years that hitherto the damage is not irreparable. The world has trust in India's record and has felt sure that the era of deficits could only be a passing phase. It is our duty to-day to justify that trust. We have made drastic cuts in our expenditure, but we have not achieved a balance. New taxation is, therefore, inevitable.

52. What form then is the new taxation to take? We have carefully reviewed the existing taxes. In particular, we have examined those taxes which were proposed last year and not accepted. One after another we have had to reject promising expedients, and finally we have come to the conclusion that the right course is to ask the House to agree to an increase in the salt tax to Rs. 2-8 a maund. In a full year, this increase is estimated to yield 6 crores, but we cannot count on its bringing in more than $4\frac{1}{2}$ crores in 1923-24. The House will see that this additional revenue is just sufficient to cover the deficit of $4\frac{1}{2}$ crores, to give us a balanced budget, and to leave us a small surplus of 24 lakhs. In view of the uncertainties of our estimates of expenditure, this House will agree that this is not an undue margin to leave over for contingencies.

CONCLUSION.

53. My allotted task is finished. I have laid before the House the Government of India's account of their stewardship for the year that is passing and their proposals for the year 1923-24. I am painfully conscious of the responsibility which attaches to the Member introducing the budget. He cannot hope that his proposals will receive universal approbation. I have no doubt that when the details of our proposed expenditure come up for discussion, some Members will criticise this or that retrenchment as iniquitous and the retention of this or that item of expenditure as outrageous. Some other Members will disagree entirely with them on one or other or both of these criticisms. But all will manage to disagree with me on some point or other. I hope none the less that the Government of India will receive the credit which I claim is their due for courageously shouldering their burden and boldly coming forward with a budget which, at one and the same time, effects drastic reductions in expenditure and calls for a further sacrifice in the form of new taxation. I appeal to the House for one last long and strong pull, all of us pulling together, in the confident assurance that so doing we shall quickly get the boat out of the vicious current which is threatening to drag India down on to the rocks of insolvency. Once back in safe waters, I have every hope that in a surprisingly short time we shall find ourselves on the flood tide of prosperity, and shall be able to turn our minds to pleasant thoughts of reduced provincial contributions, reduced taxation, and increased devotion of our resources to the development of India. I was struck a little more than week ago by a remark that fell from Sir Dada Prasad Servadikar when speaking on the Racial Distinctions Bill. He said that the House had had three red letter days in succession. Let us crown our successes by a fourth red letter day, and end our Session with a balanced budget.

GENERAL DISCUSSION ON THE BUDGET.

° FIRST STAGE.

5th March 1923.

Rao Bahadur T. Rangachariar (Madras City : Non-Muhammadian Urban): On an occasion like this it used to be the fashion to review the general administration of the country in all its aspects. But time being so short it is hardly worth while attempting such a huge task, and I therefore, Sir, propose to offer a few remarks on what impressions or depressions have been created in my mind with reference to the budget of this year. Sir, for the last two years it has been our fate to take depressions from the presentation of the budgets, and it is the good fortune of my Honourable friend, Sir Basil Blackett, to give us more impressions than depressions. He comes at a time when our finances are attempting to steady themselves, thanks to the efforts made by this Assembly, the constant and determined attempt to bring down the expenditure of the country. Sir, there were not wanting those who were ready to tell His Excellency the Viceroy that the Assembly had misbehaved in this matter, that he must restore the grants which had been cut down and that the Government could not afford to follow the advice given by the Assembly. I hope, Sir, that the eminent people who offered that advice to His Excellency the Viceroy are now satisfied that the Assembly were perfectly justified in taking the stand which they did last year. It is a matter for great congratulation, indeed it is a matter for thankfulness on the part of the whole country that we had a strong Committee to sit on the expenditure of India, presided over by such a great statesman as Lord Inchcape. He was assisted by eminent persons, both Indians and Europeans, who approached the question with a fresh mind; and the bottom limit which we were told last year had been reached in many a Department proves indeed to have a still deeper bottom to which you can go. Sir, the Honourable the Finance Member, unlike his predecessor who was drafted into this Department from outside the Civil Service, Sir Guy Fleetwood Wilson, has youth on his side, unimpaired health and an equally well-established reputation for ability. With all that, from his reference to India as his native land, I gather that he is imbued with a love of the country, a love of the heat of this country and a love of the people of this country. Sir, imbued with that love and the times being so propitious, I am sure, with two good monsoons behind and I hope with two good monsoons in front of him, he will have a better tale to unfold at the next budget and the country will be relieved of some portion of the burden of taxation which we unfortunately had to impose upon it during the last two years. Sir, he may also congratulate himself that he has not got in this Assembly—with all respect to the Members present—to meet the incisive eloquence and informed criticism of a Gokhale, or the torrential eloquence of Pandit Madan Mohan Malaviya, or the emphatic utterances of Mr. Vijayaraghavachariar, or the journalistic thunder of Sir Surendra Nath Banerjea, which his predecessors had to face.

Sir, we have the year 1922-23 to review. So far as expectations went, I think they have been pretty fairly realized except in two or three matters which are rather striking. On the income side it is a grievous disappointment

that Bengal has behaved so shabbily as it has done in the matter of income-tax. We have been told that we are to pay her $3\frac{1}{4}$ crores in the shape of income-tax and not to collect from her ; and I think that $3\frac{1}{4}$ crores does not all represent the refund amount ; it was really two crores which actually had to be refunded. Anyway our expectations fall short by $3\frac{1}{4}$ crores in the matter of receipts. In the matter of estimates of expenditure, it is when we come to the Military Department presided over by His Excellency the Commander-in-Chief that we find estimates made which have proved far out of the truth. For instance, in the matter of demobilization charges—I do not know whether His Excellency the Commander-in-Chief is responsible or the Secretary of State—the estimate of 52 lakhs has gone up to 2,80 lakhs. I do not understand why there should be such wide divergence between the estimate and the actual. So also in the matter of the established military charges ; the actual expenditure is Rs. $4\frac{1}{2}$ crores less than the estimated expenditure on the established charges. We were told last year that they had to frame such high estimates because of the rise in prices, but as a matter of fact the prices were falling last year, and when they framed such high estimates, the actual expenditure, when they based such estimates on high prices, their actuals have come down by Rs. $4\frac{1}{2}$ crores in the matter of the established charges. Reviewing the condition of the country during the passing year, we cannot congratulate ourselves that trade has very much revived. Wherever you go, if you meet traders they speak of the depressed condition in the trades. Capital is very difficult to get ; the rates of interest, both the bank rates and those in the market, continue to be high. General prosperity is very low. Railway earnings and the Postal and Telegraph Department tell their own tale in that direction, and most important items stand neglected ; we have not been able to show any achievements in the nation-building Departments. There are sources of wealth which have not been tapped ; we have forests and mineral wealth in the country for which Indians have not been educated and trained to work them up and bring out the wealth for the use of the country. The much-talked of school of mines at Dhanbad has still to come into existence, and I see that the Retrenchment Committee have proposed that that scheme should be held in abeyance for another two years ; and I do not know that the wealth of the country has increased during the current year. It is true we are eking out a living existence. But we cannot show that any of our scholars have added to the literature of the world. None of our chemists, none of our inventions can be said to have added to the reputation of this country ; so also regarding education in every direction, we cannot lay much flattering unction to our souls and say that our country has shown its strength in these matters ; and with the deep insight which our Honourable Finance Member must now have got into the finances of this country, I had expected in his speech that he would have dealt with the economic condition of the country, what story the figures tell him as to the economic condition of the ryot in this country and of the middle class people in this country ; I had expected some criticism on his part, with the aid of the figures which he must have gone through very carefully. I suppose the speech on the Budget is not the occasion for any such revelation or disclosure to this Assembly as to what impressions in that direction they made on his mind. But we would have welcomed any such criticisms on his part as being informing and useful.

for us to turn our activities in the direction which he may have indicated. Sir, I had thought we had sung the last song in connection with military expenditure last year, but I am sorry to say that the time has not come for us to cease to sing in that direction. My Honourable friends speaking both this morning and this afternoon have been congratulating themselves too soon, I think, on the effects on the military expenditure so far achieved, on the result so far achieved. Sir, we were told last year that the time had not yet come, at any rate last year was not the time for making reductions because there was the Moplah trouble, that there was a doubtful factor in the interior conditions in the country, that the ink of the Afghanistan Treaty was not yet dry, that there was rise in prices, and various other doubtful interior and exterior factors, which induced His Excellency the Commander-in-Chief to take the view that the time was not yet for diminishing the strength of the units or the number of the fighting units in this country, but I hope His Excellency has now satisfied himself that he was rather too pessimistic in his estimation of the situation of the country. The country has behaved magnificently during the year, and the exterior borders have not given as much trouble as they used to, thanks to the efforts, the strenuous efforts made by the Chief Commissioner of the North-West Frontier Province during the last year. I wish such efforts had been made in previous years; in fact if action had been taken in previous years in the direction in which Sir John Maffey took action, last year, the conditions in the frontier would have been much better. It was due to the neglect of the internal condition of the districts and of the people therein due to the vacillating policy which was adopted, due also to the policy of petting and fondling with the tribes across, that one heard of the unfortunate conditions in the North-West Frontier districts. But things being so much better than they were, I hope His Excellency the Commander-in-Chief will see his way to accepting the recommendations and to strongly recommend the adoption of the recommendations made by the Inchcape Committee with reference to the fighting units in the military forces of this country. I find, Sir, that there is a fatal fascination for No. 62 in the Military Department. We began our career with 62 crores in 1921-22. We were told last year to budget for, or rather to agree to the allotment of 62 crores last year, although it was really 67.75 crores, and this year also we are told that the allotment is 62 crores! It is rather a fatal number, and I hope His Excellency the Commander-in-Chief will see his way to consenting to some other figure than 62, and I hope to be able to satisfy him that it is quite possible to adopt a much lesser figure than 62 (*A Voice*: "32"). Sir, if you compare the military expenditure in this country and either the gross revenue of the whole country or the net receipts or the gross revenue or the net receipts of the Central Government, the burden of expenditure is nothing which can compare favourably with any other country in the world. It was justified last year, as I have stated already, on false grounds. As a matter of fact, far from there having been a rise in prices, there was a fall in prices, so much so that the estimates fell by 1,90 lakhs,—the actuals fell by 1,90 lakhs less than the estimates for stores and stocks. Now Waziristan, after all, accounts only for 3.85 crores. What about the rest? The rest is concerned in what is known as the established military charges. It is the established military charges that we should seek for further reduction in. Excluding the two uncertain

items of the discharge of surplus officers and Waziristan, let us examine the figures. Sir, out of a recommendation for reduction made by the Inchcape Committee of 13·95 crores, I find the military authorities have adopted only 5·75 crores for the next year's Budget. If the civil portion can adopt 6·6 crores out of 8·5 crores recommended, if the non-military portion can adopt 6·6 crores out of 8·5 crores recommended, why should the military not take off more for the coming year? If we examine it more closely, we find that in the matter of established charges there has really been no change effected in the coming year. In 1922-23 the established charges were budgeted for at 65·9 crores, whereas the actual was only 60·59, and for the year 1923-24, for established charges we are budgeting for 59·68—a difference of 90 lakhs. This difference of 90 lakhs is made up of, and in fact is more than made up by reductions in the marine and military works. Marine accounts for 62 lakhs, and the military accounts for 70 lakhs, so that the two together come to 1,32 lakhs, whereas in the established charges there is only a reduction of 90 lakhs. So that when you come to think of it, there has really been no effort made in reducing the established military charges. It is in that direction that reduction has to be made. Unless substantial reductions are made in the established military charges, the recurring charges are bound to continue. Waziristan is not going to be an eternal burden. The discharge of surplus officers is not going to be an everlasting question, but the established military charges are going to be an eternal burden, and it is there re-cuts have to be made; it is there cuts have been recommended, and it is there, I am sorry to see, no effort has been made to reduce the expenditure. That is why I stated that my Honourable friends who have been congratulating His Excellency the Commander-in-Chief have been doing so too soon. Sir, reductions made are due to automatic causes, such as fall in prices, windfalls, namely, large stock of stores on hand due to war and other things. Such reductions are really no reductions for which we can take credit. Reductions due to reduced activities and real economies are the reductions we have to look for. Now let us see if you have done so. Have the number of Units been reduced? Has the strength of the Units been reduced? Has the proportion of officers to men been reduced? Have the command charges and those of the District Commands been reduced? Has there been any economy effected in transport? Has there been any change in the system of contracts by which you really introduce economy in the purchase of things? Has there been the substitution of the Indian agency for the more costly British agency? And has there been any real change of system? It is in these directions that we have to look for real reductions, and when I look for changes in these directions, I fail to trace any change—it may be my ignorance of the figures—but I fail to see any change in any of these directions. The figures do not disclose, nor do the marginal notes, which also I carefully searched, any such tendency. It may be, as I said, my ignorance of the figures, but I tried my best in the last two days in the spare hours I could get to find improvement in these directions, but I regret to say my search has been in vain. Sir, much also depends upon the determination of the policies, both as regards the frontier and as regards the Indianization of the services. These are matters, I know, in which His Excellency the Commander-in-Chief has not a free hand, nor for the matter of fact the Govern-

ment of India—I am sure these matters will be dictated from elsewhere, but I hope the Government of India and His Excellency the Commander-in-Chief will put their heavy pressure in one direction and see that the country is relieved substantially in these directions.

Now I think the time has come for the Honourable the Finance Member, like the Chancellor of Exchequer in England, to say, I will give you only so much, say 40 per cent. of our net revenue. I do not object to it. I daresay it will be admitted as a high percentage, but let it be 40 per cent. of our net revenues which we should give for the military and they must make their budget according to that. (*Mr. Jamnadas Dwarkadas* : “The Brussels Conference recommended 20 per cent.”) I know, but I am prepared to go up to 40 per cent. Let the military be satisfied. I think the time has come for some such thing to be done, not by this Assembly because we are powerless in the matter, but I hope the Government of India will tell the military authorities ‘thus far and no further and you must make your budget according to that amount.’ That was done by the Geddes Committee.

Mr. President : Will the Honourable Member bring his remarks to a close ?

Rao Bahadur T. Rangachariar : I will, Sir, in a moment. There are various other matters of policy which this Assembly has now settled, for instance the Fiscal policy, the railway management and so on. This leads me to another important matter. What are the Indian Members of the Executive Council doing ? Three of them there are. What portfolios are they in charge of ? Are they going to be entrusted with the carrying out of any of these broad policies which the Assembly has laid down or is it to be left to be carried out by the conservative section in the Government of India ? I wish, Sir, that an ambitious Indian will take charge of one of these important departments and see that the policy laid down by this Assembly is really carried out, so that it may not be said, as was said by Mr. Ginwala, ‘Oh, the railway management is going to be a failure.’ Well, place it in the hands of an ambitious, youthful Member who will really put his heart and soul into it. I promise Mr. Ginwala that it will be a source of profit and the crores and crores which we have sunk in railways will be redeemed for the country. As I said already, Sir, this is a tempting occasion on which you can indulge in all sorts of things, but as I said the time is too short. I would therefore once more point out that we really need have no deficits. In the matter of Railways, the Retrenchment Committee have suggested a reduction of 4·59, and I see that the Railway Budget is taking credit only for 3 crores this year. What about transferring redemption of annuities to the capital amount ? That will give you at least a crore to your credit. That may be transferred excluding the interest. Why should it not be added and also various other things such as the Secretary of State’s expenditure in England ? I see the Retrenchment Committee have advised considerable reduction in the Secretary of State’s establishment. Why should it not be carried out this year ? So also there are various other ways in which the 4 crores can be got, the military after giving up the figures of 62 can come to 58 or 59 or even 60, so that it will give us another 2 crores. The Railways can give us one crore, and the other civil establishments can give us another crore. I therefore

think that we can certainly make up our budget, without any deficit, and if really there is a deficit of one crore or more, by all means put an export duty on petrol. Make it that way instead of making the poor people pay, as my friend Mr. Ginwala suggested. I leave the landholders in the hands of my friend, Mr. Seshagiri Aiyar, against Mr. Ginwala. But I will say only this. Does he know that the Madras Government is carried on by the revenue paid by the landholders? Out of the 12 and odd crores they spend, nearly 9 crores come out of the landholders. Does he know that when other people pay 3 or 4 annas, as income-tax, we pay 9 annas in the rupee as tax? Let him take lessons in that direction instead of being envious of landholders. I can advise him to safely entrust his savings to me for investment in lands and I will render a true account to him and he will find that he will get less than 2 per cent.

Mr. Denys Bray (Foreign Secretary): Sir, the Honourable Mr. Chaudhuri took credit to himself at the outset of his speech that he was not going to indulge in platitudes. I think the House would have been better served had he done so. For there is at least one admirable element in platitudes, and that is some degree of accuracy and verisimilitude. Take that amazing discovery of which he made so great a play. He discovered that the Honourable Finance Member had said "we are thus left with a deficit of 4.26 crores"; and then he discovered in the Honourable Finance Member's statement further back that "a sum of 4.25 crores has to be allowed for special expenditure in Waziristan and for the fact that the reductions"—namely, the reductions in troops, reductions that have nothing to do with Waziristan—"cannot be in full force throughout the year." Let me say at once that the special military expenditure in Waziristan estimated for the coming year is 1.69 crores, which, if all goes well, will practically disappear from the budget next year. The special political expenditure is estimated at 91 lakhs, of which 52 lakhs is non-recurring expenditure on the building of roads and posts.

Now when he spoke of Waziristan in general, indeed he was indulging in platitudes. He may have thought that he was delivering a trenchant attack on Government policy in Waziristan. Sir, he was doing nothing of the kind. He was arraigning an authority infinitely higher than any earthly Government for allowing the very existence of a scourge like Waziristan on India's borders. He is not the first to have 'troubled deaf Heaven with his bootless cries' over Waziristan; nor assuredly will he be the last.

But let me endeavour to explain to the House what Government policy in Waziristan really is. And, as the matter is somewhat technical, I think I can probably help the House best by giving an outline, as brief as possible, first, of the general frontier problem, and secondly, of those solutions which two famous schools of frontier thought in the past have propounded for it. For although the House of course contains Members like my friend Mr. Abdul Rahim who knows the problem from bitter first hand knowledge; Members like my friend Mr. Samarth who has made the frontier problem his study; Members like my friend Dr. Nand Lal whose speech apparently implied that neither knowledge nor study was needed for it; and Members like my friend Mr. Chaudhuri, of whose speech I will say nothing more, it doubtless also includes Members like a friend of mine somewhere on my left who said

to me that he would be grateful if I would expound to him the very A.B.C. of it. Well, the ingredients in the frontier problem are essentially three.

Dr. Nand Lal : Sir, I rise to make a personal explanation. If my learned friend will advert to the speech which I made last year, then he will have to admit that his view of my knowledge of the Waziristan policy is wrong. I know as much about the North-West Frontier as he does.

Mr. Denys Bray : I have so far made no claims to knowledge for myself.

Dr. Nand Lal : Then you have no right to

Mr. President : Order, order.

Mr. Denys Bray : If I have said anything that offended my Honourable friend in any way, I gladly withdraw it.

I think I had not yet finished with the three ingredients in the frontier problem :—the frontier districts, the neighbouring friendly State of Afghanistan, and the so-called independent territory. Now, if British India and Afghanistan had co-terminous frontiers, we should of course have a frontier problem and a frontier problem of great magnitude ; it would be a straightforward frontier problem between two great and friendly powers. But between British India and India there lies this belt of so-called . . . (*A Voice* : “ Between India and Afghanistan.”) I am glad of the interruption, but the Honourable Member will find presently that I was correct. Between the limits of British India and of India there lies a belt of so-called independent territory, peopled by so-called trans-frontier Pathan tribes, untamed, fierce, truculent, aggressive, who have from time immemorial descended from their mountains to raid and harry, pillage, murder and outrage the inhabitants of the plains.

Now the interruption I received just now makes it advisable for me to pause here and dwell on an elementary and historical fact, a fact often forgotten, its implications more often ignored. British India does not march with Afghanistan. India does. India marches with Afghanistan from the Pamirs in the extreme north to Koh-i-Malik Siah in the extreme west, where Persia, India and Afghanistan meet. That is a great historical fact. I go no further back than 1893, when that fact was placed beyond all cavil and dispute by the agreement entered into on behalf of Afghanistan by His Highness the Amir Abdur Rahman Khan, perhaps the most striking personality in modern Central Asian history, and Sir Mortimer Durand. The Durand line, as it is known to ourselves, is India's frontier. It is demarcated by boundary pillars for the greater part of its length. And it is boundary pillars that mark off Waziristan from Afghanistan ; it is boundary pillars that include Waziristan in India. We are apt to call Waziristan independent territory ; to call the Wazirs and the Mahsud trans-frontier tribesmen. But it is not in reality independent territory ; and it is only from the point of view of our British districts that these tribes are trans-frontier tribes. From the point of view of India, from the international point of view that is, they are cis-frontier tribesmen of India. If Waziristan and her tribes are India's scourge, they are also India's responsibility—and India's alone. That is an international fact that we must never forget.

Now, our responsibility for Waziristan and its tribes was vivid to us long before 1893 of course. And for years there were two great contending schools

of frontier thought, struggling one with the other for the adoption of the particular solution they favoured. There was the forward policy and the backward policy, or, as I should prefer to call it myself, the policy of close border defence. Now if I were to run over the long list of names of men who have advocated a forward policy, it would be a list of famous men I should have to recite. But a pound of practice is worth a ton of preaching. And when you turn to the actual exponents of that policy, there are only two who stand out:—that great Afghan ruler, the Amir Abdur Rahman, and that great English administrator, Sir Robert Sandeman. Hardly was the ink dry on the 1893 agreement, when His Highness the Amir inaugurated campaign after campaign against his frontier tribes and subjugated them, and thus made Afghan rule effective—in the Afghan sense of the word—up to the Indian frontier. But Sir Robert Sandeman had been before him in the field. For by 1893 Baluchistan was already effectively administered—in the Sandeman sense of the word—up to the Afghan frontier. Sir, there are many of us who believe that, if Sandeman had been translated from his work in Baluchistan to the north-west frontier, he could have, and would have, succeeded there also. We believe this in spite of the vaster dimensions and the different character of the problem that would have faced him; for the tribes here are made of much sterner and more intractable stuff, and their mountain homes far more inaccessible. Nevertheless a Sandeman, some of us believe, would then have achieved success here also, at no over-great expense in blood and treasure. But what was a practical proposition 20 or 30 years ago is not necessarily so now. The task is infinitely more difficult to-day, chiefly because the tribesmen are infinitely better armed; their arms have increased at least tenfold during the last 20 years. True if we had to fight them in the plains, this would matter little. But it is in their mountains that we have to fight them, and it is their mountains, those inaccessible mountains of theirs, that give them their strength. It is one of the striking things in modern warfare that these modern inventions of ours do not give us the advantage in savage warfare in the hills. The hills remain unchanged, and prevent us from using our inventions to the full; and with the improvement of armaments the advantage lies with the tribesmen rather than with us. In short, in these days of acutest financial stringency, the conclusion stares one in the face that a thorough-going forward policy all along the line is a mere counsel of perfection.

Then there is the close border policy. It may seem a waste of time, Sir, to explain what that means, for every one surely can understand a policy that simply bids you defend your own border within your own border. But here again the House will remember that our border does not lie here, it lies ahead along the Afghan frontier; and it will remember also that, if nature abhors a vacuum in the physical world, human nature does not allow a vacuum in the world of high politics. Now, the crudest and most logical form of a close border policy is of course a Chinese wall, a vast wall right along the borders of your districts high enough to keep the trans-frontier tribesmen beyond the pale. A vast wall all along the borders of our districts high enough to keep the trans-frontier tribes out of our districts has indeed been seriously suggested from time to time, regardless apparently of the fact that you would have to build up the wall a foot or two higher year after year, to keep out

tribesmen who would be becoming more and more powerful every year and more and more difficult to exclude. A more modern form of course would be a line of barbed wire, of live wire, linking up posts strongly held at intervals with possibly a gate here and there to let a few well-behaved tribesmen through. Here again one has to remember that all the time the problem in front of us would be going from bad to worse, with the inevitable increase of arms in the transborder and with that inevitable increase in the economic stringency in this mountainous tract, which would make the tribesmen more and more desperate, more and more thrown back on barbarism. The most modern form of all is of course mechanical transport roads running right along the border, patrolled by constabulary in motor cars, ready to move out at a moment's notice to any point they are required. The great future that mechanical transport has before it in cis-border defence can hardly be exaggerated. Nor can the necessity for cis-border defence itself, but by itself it is not enough. A rigid close-border policy is really a policy of negation and nothing more. It is all very well to say that we should leave the tribesmen to stew in their own juice; but what we should be doing in reality would be to leave them free in their devil's kitchen of mischief to brew incalculable trouble for us. We might gain for our districts a momentary respite from raids but we would be leaving behind a legacy of infinitely worse trouble for their descendants.

With this introduction, I will expound to the House what the Government policy is. Now we have been for thirty years in occupation of parts of Waziristan. For shortly after the Durand agreement of 1893 we began to drive roads up the great highways of the Tochi and the Gumal, and we have occupied as far forward as Dakka Kbel in the North and as far forward as Wana in the South by regulars or irregulars since 1894. But this partial occupation left the real crux in Waziristan untouched. For the crux in Waziristan is not the Wazirs whom this occupation directly affected, but the Mahsuds who live in the strategical heart of Waziristan, separated from Afghanistan by the Wazirs and separated from our British districts by the Bhattanis. In their inaccessibility lay their strength, lay also the root-cause of the persistence in utter barbarism which has made the Mahsud a by-word among other Pathans and an Ishmaelite wherever he goes. Hence, when an appalling series of bloody outrages against our fellow-subjects in the frontier districts forced us into a punitive expedition against them, and when after the severest fighting we have ever experienced in a frontier campaign, we found ourselves in military occupation of the heart of their country, it was thought that the time had surely come to bring the Mahsud country finally under military domination and to rid our frontier districts once and for all of this hideous scourge. The task, of course, was not beyond the power of the gallant Indian army, difficult and laborious though the final subjugation and disarmament of these magnificent fighters in their rugged mountains would have been. But it has proved beyond our financial resources at this time of financial stringency. Hence, though Government are determined to bring Mahsud country under control, it is not on the military occupation of Mahsud country that their policy is based. On the contrary, the military occupation of Mahsud country will shortly cease, to be replaced partly by internal control through scouts and Khassadars, and partly by the domination of Mahsud country from two posts on the edge of but outside.

the Mahsud country itself, held in force and linked together by a connecting road. In the south there is the post of Jandola in Blittani country which we have occupied for years. And in the north at the renewed invitation of its Wazir owners, we have just occupied, after a most successfully planned peace march, the open plateau of Ramzak, which from a height of 6,000 to 7,000 feet overlooks and dominates northern Mahsud country. We had calculated on being able to withdraw our troops entirely from Mahsud country itself simultaneously with the occupation of Ramzak. But the political situation took an unexpected turn for the worse towards the autumn, and our programme received a serious set-back. In consequence, though a mechanical transport road from the Tochi to Ramzak is almost completed, we have been unable to complete the road linking up with Jandola. For the time being, therefore, a reduced number of troops will remain in Mahsud country. But as soon as the construction of this road is assured, all regulars will evacuate the Mahsud country, and the protection of the road will then be committed to the Mahsud tribe itself, to locally enlisted Khassadars representing the various sections of the tribe, reinforced by irregulars at Sararogha and Kotkai. Now the Mahsud is a natural strategist of no mean calibre, and he will soon feel that, though the regulars have left this country, he lies within a grasp that can be tightened at any moment. The consciousness of this fact will have a sobering effect upon him. Henceforth the Mahsuds will be robbed of much of the inaccessibility in which lay their strength. And if the Mahsuds should again force us by their misdeeds into an expedition against them, then instead of having to force the Mahsud defences at a cost in blood and treasure that would be assuredly far higher than the high cost in the recent campaign, we shall have in Ramzak, above and behind his natural defences, an advance base the possession of which will enormously facilitate our task.

But our policy is not merely designed to provide a preventive menace to the Mahsuds or to serve as an insurance against the abnormal frequency of expeditions or against their abnormal cost. It is essentially positive and constructive in character, in marked contrast to a negative system of rigid close-border defence. The central feature of it is the tribal levy or Khassadar, providing his own rifle and ammunition, and policing the country for us. This Khassadar system was of course the keystone of Sandeman's policy, perhaps his most potent agency in the grand work of civilization he achieved. In essence, it is a means of giving the tribe a stake in our administration of law and order; of controlling the tribe as far as possible by self-Government; of keeping alive that spirit of tribal responsibility which is the basis of our relations with all trans-frontier people. But tribal levies cannot be expected to function in the trans-frontier if they are left in the air, without some form of external force within reasonable range to keep them up to their work. The most economical form of outside force that we can devise is the irregular. But irregulars, again, cannot be safely employed in the trans-frontier unless they are in effective range of military support in case of emergency. Hence the necessity for roads suitable for occasional mechanical transport use, linking up a minimum number of irregular posts in the trans-frontier with military posts in the rear. These roads are thus an alternative to military occupation, and a very much cheaper alternative. But they are something much more. Like the Khassadar, they are civilisation carriers.

And complementary to the arrangements in the trans-frontier itself, our policy includes a cis-border road about 100 miles in length, providing a much needed lateral communication, for the immediate defence of the sorely-harassed inhabitants of the Dera Ismail Khan district. The policy of Government in Waziristan is, therefore, the control of Waziristan—though a road system of which about 140 miles lie in Waziristan itself and 100 miles along the border of the Derajat, and the maintenance of some 4,600 Khassadars and of some 5,000 irregulars. And this policy Government is resolved to carry through with vigour and determination in the interests of our fellow-subjects in the Zhob and the Derajat, and in the interests of the security of all India.

Now, in so far as a forward policy means a move forward to the Durand Line, the Government policy is not a forward policy at all, for our new post at Ramzak, for instance, is farther from the Durand Line than our old established posts in the Tochi. In this sense of the term, indeed, our policy is in one signal respect a backward policy. For, whereas we have held Wana close to the Afghan borders by regulars and irregulars since 1894, we shall now hold it by Khassadars only; and our irregulars on this side will be no further forward than Sarwekai, which we have occupied for years. None the less, the Government policy is a forward policy in a very real sense of the word. It is a policy of progress. It is a big step forward on the long and laborious road towards the pacification through civilisation of the most backward and inaccessible, and therefore the most truculent and aggressive, tribes on our border. Come what may, civilisation *must* be made to penetrate these inaccessible mountains, or we must admit that there is *no* solution to the Waziristan problem, and we must fold our hands while it grows inevitably worse. It is the inaccessibility of these mountains which breed more than they can feed, that lies at the root of the problem. For from this inaccessibility arise the economic stringency, the crass ignorance, and the wanton insolence and barbaric cruelty that spring from a sense of security. And these are diseases for which civilisation in some shape or form is the only cure. It may be thought visionary to talk of the civilisation of the Mahsud. But you must take long views on the frontier. Civilisation, after all, has succeeded often enough with material far more unpromising and intractable than the Mahsud, who, for all his barbarity and ignorance, is a man of magnificent virility and courage and with no small share of natural wit and intelligence.

I have spoken of the forward policy as being, in these latter days, a counsel of perfection. I have spoken of a rigid closed border policy as a policy of negation, degenerating into a counsel of despair. I have expounded the Government policy and have endeavoured to make plain to the House its essentially constructive and progressive character. But of one policy—if policy it can be called—I have said not a word. I had thought that the old cry of “Back to the Indus” had long since been silenced for ever. I was wrong. It has been re-appearing of late in our press; it even found its way into the evidence adduced before us on the Military Requirements Committee. Back to the Indus? Shall we betray our fellow-subjects on the frontier? Shall we hand them over to the tender mercies of the independent tribesmen in the first instance, and thereafter to—who shall say? Back to

the Indus? If India ever went back to the Indus, not all the five rivers of the Punjab would set the mark to the erosion of India's soil that would then ensue. Back to the Indus? Let the House say here and now whether India is ever-going back to the Indus. (Mr. J. Chaudhuri: "No! Arm your own frontier people!") In the domain of India's foreign politics, I know of one fixed and immutable rule only: What India has, let India hold. India is large enough to covet not a single square mile of ground that is not already her own. But India is not large enough to allow any invader of India—be he independent tribesman or foreign power, from south or north or east or west,—more of her soil than a plot of ground 7 feet by $2\frac{1}{2}$ and 4 feet deep.

Mr. Manmohandas Ramji (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, before I begin to discuss the Budget, I hesitate whether I am to congratulate the Finance Member or to criticise him. I find, that with all the efforts of the Finance Department and after accepting some of the proposals of the Inchcape Committee, the Finance Member has failed to present a balanced Budget, without resorting to additional taxation. I think, if he had not included in the Budget the proposals for increases on Demands for Grants, on the figures of last year (the details of which I have in my hand, and shall hand over to him presently), he could have saved nearly $1\frac{1}{2}$ crores of rupees. You will therefore see that while retrenchment is made on the one hand, increase in expenditure is also made on the other hand. Thinking a little deeply, I am at a loss to know why Government proposes such increases in expenditure while there is a general cry for all-round retrenchment.

Again, a Demand for Rs. 91,30,000 is made under the heading North-West Frontier Province, under items, Public Works and Civil Works. That could also wait for some time.

Coming to the proposals of the Inchcape Committee, I feel that the Government ought to have allowed a larger amount as "retrenchment" in this Budget, than is indicated by their present proposal.

Turning to another aspect of the Budget, I may point out that in the last year's Budget Estimate (1922-23) under Demand No. 46, a provision was made for refund of more than Rs. 6 crores. This year only a little more than a crore of rupees is asked. If the Expenditure was maintained at the same level as last year, this difference alone of more than Rs. 5 crores would effect a small saving, instead of the deficit that is now shown. I, therefore, consider that the deficit shown is not a real deficit, and that there is no necessity for increasing the tax on Salt—a duty which is condemned by politicians and statesmen in particular and by every one, in general.

Speaking of the Exchange question, Sir, the Finance Member said: "I repeat that the time has not yet come for a new attempt to fix the rupee." I may point out at once that there is a considerable body of commercial men who opine that as sterling has reached its good parity, it is now an opportune time for making a change of the policy pursued by the Government. However, this is not the time to consider that question.

The Finance Member in the course of his speech remarked, that as India had £240 million sterling Debt, it would show a considerable less amount

in rupees at a higher Exchange, and he goes to point out that at the rate of 1s. 8d. Rs. 9½ crores would have been saved to India. Before admitting that, I should ask him to state what would have been the saving to the country on the total amount of export trade, at the rate of 1s. 4d. instead of at 1s. 8d.

Undoubtedly, it would amount to considerably more than Rs. 9½ crores. What India wants is to get rid of fluctuations in Exchange, and the only way to achieve that object is to adopt a real gold currency with an open mint for coining gold.

I am surprised to find that there is no provision made in the Budget for giving effect to the recommendations of the Fiscal Commission. The Minority of the Members have recommended the total abolition of the excise duty of 3½ per cent. on cotton cloth manufactured in India, a duty which is obnoxious in its character, and which finds no place in any other country in the world. As we all know, it only serves to quieten the Lancashire agitation and to give indirect protection to foreign goods. And, I should have very much liked the Government to have thought it advisable to make a beginning to give effect to this recommendation and made provision in the Budget to give at least partial effect by reducing a portion of the excise duty and ultimately abolish the same,—which action is long overdue. As I intend to move an amendment to this effect, I do not want to take any more time on this subject.

Before I finish, I would like to draw the attention of this House and the Government to one important fact, and that is, that both of us are neglecting a very important item, namely, Irrigation, which is one of the most paying sources of Revenue. Far less attention is at present given to this item, than to the development of Railways, where it is proposed to spend about Rs. 38 crores, on capital works.

Lastly, I would ask the Government not to raise more loans in India than it is absolutely necessary, as it affects adversely the money-market in this country and paralyses in a general way the trade.

When I speak of Loans I am reminded of another subject dealt by the Honourable the Finance Member. There is an unspent balance of Rs. 8,63,95,000 under the Head—Railways—which the Government wants to spend this year; and instead of spending Rs. 30 crores, they propose spending Rs. 38 crores. I venture to ask where is the necessity of including this amount, of nearly Rs. 9 crores, in the Budget at a time of financial stringency, and when it was found impossible to spend this amount last year. A provision of Rs. 30 crores for the next year seems to me to be quite sufficient for the present and the spending of Rs. 9 crores may wait for a few years more. Or, if need be, it may be spread over the remaining 4 years. That I am sure will not affect in any considerable degree the working of Railways and I would suggest that the Government should raise only 17 crores of rupee loan. In ordinary business no one would think of spending huge amounts on capital works at a time of financial stringency.

In this connection I would suggest that a portion of this grant to Railways should be utilised for opening new lines which could bring in a good revenue and a handsome return for the investment.

Speaking about Provincial contribution the Honourable the Finance Member remarked about the Provincial Governments following the policy of some charitable or religious bodies in showing handsome deficits in order to appeal effectively to the charity of the Central Government. This remark applies with equal force, in my opinion, in his own case. He seems to think, that he can effectively appeal to this House only by showing a deficit, and to cover it, by proposing a tax on Salt. We are as shrewd as he is. I would like to tell him that he should try first to minimise extra expenditure, and then to have full effect given to the recommendations of the Retrenchment Committee to bring about a balanced budget and not to propose additional taxation to cover what I have already called an 'unreal' deficit. I am quite sure it would have been possible for the Government to have produced a balanced Budget.

GENERAL DISCUSSION ON THE BUDGET.

FIRST STAGE—*contd.*

6th March 1923.

Sir P. S. Sivaswamy Aiyer (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): Sir, last year I presumed upon your forbearance and the kindness of the House and wearied the House with some detailed criticism of the Military expenditure. I do not propose to repeat that course this year. I have no intention of occupying the attention of the House for more than a very few minutes, and it is due for two reasons. In the first place ill-health has prevented me from examining the Budget with any care. In the second place, the Inchcape Committee has done its work so well and so thoroughly that it would be a work of supererogation to go over the same ground. I desire to associate myself with the tribute of praise that has been so deservedly paid to Lord Inchcape and his colleagues for the splendid work they have done on the Retrenchment Committee, for the thoroughness and promptitude with which they have done their work. But whatever the intrinsic merits of their recommendations might have been, they would have lost very greatly in value but for the concurrence of His Excellency the Commander-in-Chief. I congratulate Lord Inchcape and his colleagues and I congratulate the House on the fact that the Committee have been able to secure the whole-hearted co-operation of His Excellency the Commander-in-Chief in the work which they have done on the Retrenchment Committee and in the recommendations which they have made. Sir, last year I did not refer to one or two things to which I might have referred. One is the question of the Indianisation of the auxiliary services as a possible avenue of retrenchment. I did not dwell upon it for the reason that I thought that the fruits of that policy in the way of retrenchment would be rather gradual and slow. But I think it high time that that question should be examined. It is a matter of regret that the question of the admission of Indians to the auxiliary services—a question upon which this House passed a Resolution when considering the report of the Esher Committee—should be still under the consideration of the Imperial Government. I remember reading in the papers an answer given by Mr. Burdon to a question put to him as to what had been done upon the

Resolutions passed by this House in 1921 on the Esher Committee's report. The net result of the answer, as I gathered it from the papers, was that upon those Resolutions which did not count, this Government had been able to secure the orders of the Government at Home, but on anything that really did matter, it was said to be still under correspondence. I must express my very great regret at the delay which has taken place in this matter. We all recognise the great difficulty there is in breaking the ice—I would say the huge ice barrier of War Office conservatism—but I do hope that His Excellency the Commander-in-Chief will use every means in his power to press this question again and again upon the attention of the Imperial Government and not desist until he obtains favourable orders. It is one of those matters—upon which our Resolutions were passed with the entire concurrence of His Excellency the Commander-in-Chief, and with the approval of the Government of India, and it is a matter of great disappointment to me—and I am sure to the whole Assembly—that upon a matter like this there should have occurred this unconscionable delay of over two years in coming to a decision. I hope it may be possible for His Excellency to signalise his term of office by announcing the decision to give effect to these Resolutions and by making an effort to carry them into effect. Some of these recommendations which the Incheape Committee have made may possibly have caused His Excellency the Commander-in-Chief some searchings of the heart, but I ventured on the last occasion to appeal to His Excellency as a statesman and I am glad to find that His Excellency has not been slow to respond. He has co-operated in a most whole-hearted fashion with the Retrenchment Committee. But even a layman like me cannot reconcile himself to all the proposals for retrenchment which the Incheape Committee have made. Some of my colleagues on the non-official side will perhaps be surprised to hear this note of disapproval. The question to which I wish to refer is the proposal to effect a retrenchment in the matter of providing improved accommodation for the Indian sepoy. There were proposals under consideration for reconstruction and improvement of the Lines of the Indian sepoys. I have seen several of these barraeks and Lines myself on the way to Khyber, at Peshawar, at Rawalpindi and other places, and I may say that some of us take better care of our horses than the Government of India takes of the Indian soldier. They live in miserable quarters through which the burning rays of the sun or the burning winds or the cold of the winter pierces, in huts with thin walls and thinner roofs open to all the inclemencies of the weather. I know that one of my colleagues here suggested that it was a training in endurance for our troops. Logically it should be carried to the point of having an army of emaciated saints, but I do not think that that is a sound policy. If you want to make good use of your soldiers as fighting men you must keep them in good condition; and it is not the way to get the best value for your money or the best service you can for the country to expose your soldiers to the inclemencies of the weather, hot or cold, or to make them suffer such privations and hardships. The Incheape Committee proposes that you should revert to the old arrangement of hutting grants, a system which I have no doubt must have been obviously unsatisfactory and must have been given up on that account. It is somewhat like the silledar system in the Indian Cavalry which has been abandoned. The system is bound to result in very unsatisfactory housing conditions. I was rather sorry therefore to read this recommendation

but I reconcile myself to it on the ground of hard times, and I do hope that when our finances improve this question of the reconstruction and improvement of the sepoy's lines will be one of the first to engage the attention of the Government and to receive the sympathy and support of this Assembly.

Another matter in which I should like His Excellency to use all his influence and bring it to bear on Headquarters is that of an equitable, if not a lenient, adjustment of the capitation charges which have risen to an amount nearly three times what they were before the War. We are well aware that prices have risen though during the last year or so there has been a tendency to a slight fall. But the rise in the capitation grant even to £25, which I believe is the latest provisional rate adopted is something which goes very much to swell our non-effective charges, if I may perhaps call them so, and goes to swell our military expenditure. It is that which induced my Honourable friend Sir Dinshaw Wacha to move his proposition for the reconsideration of the Army amalgamation scheme in the other House; I do not believe that the annulment of the amalgamation scheme will effect any greater economy in the recruitment of soldiers. While I do not share that view I feel that this question of the capitation charges is one which has to be hammered at and hammered at till we get an equitable, if not a lenient, adjustment of the charges. I hope that in view of the value which England derives from the experience acquired by her soldiers in India under diverse conditions and the improvements in their fighting qualities, if not in view of our financial condition, the Imperial Government will find itself able to take a broader view of the question and effect a more satisfactory settlement, I mean satisfactory to us.

Sir, I now proceed to make a few observations upon the question of the policy of leaving an uncovered deficit. Speaking for myself, I do not like this policy of leaving an uncovered deficit, and I do hope that the House will not be inclined to follow the course which it adopted last year as a rough and ready expedient for bringing pressure to bear on Government for the purpose of enforcing economy and for the purpose of bringing about measures for retrenchment in our expenditure. But there are two ways of avoiding this policy of deficits. The first way is to avoid a deficit altogether or to minimise it. The other way is to cover the deficit. The Finance Minister told us that the recommendations of the Inchcape Committee had not all been received, that the last instalment was to be received only after the presentation of the budget, and that they had not had time to fully consider all the recommendations. I hope that the interval that has intervened since the presentation of the budget and will intervene before the date when the Finance Bill will come on for consideration will be utilized by the Honourable Finance Minister for the purpose of exploring every possible avenue of retrenchment, every possible direction in which it may be feasible to bring the Inchcape Committee's proposals into effect in the course of 1923-24. This would be the most satisfactory method of avoiding the policy of uncovered deficits. The next thing is that, if there is an unavoidable deficit, it has to be covered somehow. It is unfortunate that the Finance Minister should in his inexperience of public opinion in this country, though I am sure he has been assisted by his colleagues in this matter, have thought of resorting to the enhancement of the tax on salt. I hope that the Government will not persist

in pressing for this form of taxation. In theory a tax upon the necessities of life is objectionable; politically it is most unwise. I hope therefore the Government will discover some other expedient. I remember it was said by my friend the Honourable Mr. Innes on another occasion that the salt tax had always been looked upon as an ultimate reserve. But there are many powers which you have in reserve which you can never think of using. Could anybody dream of imposing a salt tax in England, or of reviving the window tax or reviving the hearth tax? Of course the British Parliament is constitutionally omnipotent; it can do anything; there are many things which we can theoretically do but which are not practical politics. Well, fortunately or unfortunately, the salt tax will have to be looked upon as no longer available for enhancement in the financial scheme of this country. There are many things which it is theoretically possible to do, but which are not practicable. To give an analogous case, though not in the sphere of taxation, it is possible for you to reduce the suffrage, but you can never think of raising it again. The question is not so much whether the salt tax will be such a burden upon the consumer that he cannot bear it. It may be or may not be; it is not necessary for me to say whether this one anna per head per annum is going to be the last straw upon the camel's back or not; but it is one of the accepted axioms of politics in this country that the salt tax is an odious impost, and the result of a resort to this piece of taxation will be that the Government will lend a handle to the agitator, and it is not always the wisest thing to ignore the agitator. We have sometimes to take account of his doings and their probable reactions on the public. I hope therefore that the Government will not persist in proposing this method of covering their deficit. Let them think of something else. It may be said, "well, we have explored other ways, our resources are limited, this is the only thing we can do; can you propose anything constructive?" I confess that in my present state of health it is beyond my effort to think of something else. Perhaps it is a fault, but I am sorry I cannot suggest anything. But I daresay the Finance Minister with all the experience he has acquired in the Treasury, and his colleagues with their large administrative experience will be more fertile in suggesting expedients than it is possible for me to do.

His Excellency the Commander-in-Chief : In the altogether exceptional circumstances under which this year's budget has been presented it is hardly necessary for me to give a detailed exposition of the military estimates for 1923-24. The basis on which these estimates have been framed is already known to Honourable Members of this House from the Report of Lord Inchcape's Retrenchment Committee and from those portions of the Finance Member's speech of the 1st of March which related to military expenditure. I do not propose therefore to deal with various individual criticisms and queries which have been made by previous speakers in this discussion, except to say that the suggestion of one Honourable Member that the Commander-in-Chief still has several crores of rupees in his pocket ready to take the place of the salt tax is a surmise entirely without a shadow of foundation. Another Honourable Member referred to the possibility of reducing the military budget in the future to 50 crores, as was envisaged in one of the paragraphs of the Inchcape Committee's Report. I should like, however, to emphasize the fact, stated in that Report, that the Commander-in-Chief did not subscribe to this recom-

mendation—and I may add that it is unlikely that he will do so. I am sorry that I was not here this morning in sufficient time to hear the commencement of the speech of my Honourable friend sitting on the opposite bench (Honourable Sir P. S. Sivaswamy Aiyer), but I did hear two suggestions made by him, one in reference to the improvement of the barracks for Indian soldiers, of which he has some knowledge, and in which I am in entire agreement with him, the other in which he referred to the capititation grant, and again he has my entire sympathy, and I quite agree that the present temporary arrangement under which the sum has been agreed upon as between the Imperial and the Indian Government is not satisfactory, and I shall use my best endeavours to bring about a final and equitable arrangement. Now I will confine myself in what I have to say to-day to the larger issues of this problem, and in the few observations that I propose to make, I will endeavour to explain, for the information of this House, the considerations of general policy, military and otherwise, which have rendered possible the economies which are now contemplated. Speaking broadly, the Army estimates of 1923-24 represent the consolidated work of the past year. That time has been largely devoted to a searching investigation of the possible reductions in military expenditure. This House is aware that last summer the Government appointed a Committee under the presidency of my Honourable colleague Mr. Innes to examine the question of reducing the cost of the staff at Army Headquarters. This Committee was followed by the Braithwaite Committee appointed in the autumn for the purpose of recommending economies in the Quarter Master General's Services, and also for the purpose of preparing material for the more comprehensive inquiry which Lord Inecheape's Committee was about to undertake. The Braithwaite Committee included in its numbers Lieutenant-General Sir Walter Braithwaite, then the Commander-in-Chief of the Western Command, Honourable Members representative of both Houses, both this House and the Council of State, and Lieutenant-General Sir Walter Campbell, who has just been appointed Quarter Master General. The composition of the Committee in itself is evidence of the thoroughness with which the Government were determined to attack the question of retrenchment in the great spending departments of the Army, and I should like to take this opportunity of acknowledging the great value of the work that these important Committees performed with great skill and understanding and in a remarkably short space of time.

Finally, of course, we have had the inquiries of Lord Inecheape's Committee in which the proceedings and recommendations of the two previous Committees have been merged. Now, I must assume that Honourable Members of this House have made themselves acquainted with those portions of the Retrenchment Committee's Report which deal with military expenditure. Those who have done so will realise that the reductions proposed are real and substantial, that the whole field of military expenditure has been thoroughly explored and that a considerable reduction in the number of fighting troops, both British and Indian, stands in the forefront of the Committee's recommendations. I think I have on a previous occasion impressed on this House that no considerable reduction in military expenditure in India could be effected without cutting down the number of fighting troops. Last year I told the House that under the conditions then prevailing I could not agree to a reduc-

tion in the fighting strength of the Army and I gave my reasons for holding this view. On the present occasion you will find it stated in the Report of the Retrenchment Committee that the reductions in military expenditure include reductions in troops, and that this has been generally accepted by myself. It may be thought by some that my present attitude is inconsistent with that which I felt bound to adopt last year. I wish, therefore, to make it quite clear that, in giving my general concurrence to the Retrenchment proposals, I have been influenced primarily by the financial considerations which must have an important bearing in determining the general policy of the Government. The Finance Member has described very graphically the perils and the dangers of our financial position, and I have been greatly impressed by the paramount need of balancing our Budget this year. I further realise that conditions, both internal and external, have much improved during the past twelve months and that we are justified in taking risks which we should have been wrong to incur a year ago. At the same time, I do not, and cannot, admit that the Army is either too strong or too efficient for the needs of India. The equipment of the Army has not yet reached the standard of completeness which this Assembly by a Resolution passed in connection with the Esher Committee's Report itself postulated. Again, I do not admit for one moment that the military expenditure of the recent past has been unnecessarily high, and I should like to refer the House in this connection to the observations which the Retrenchment Committee themselves have made on that point. In paragraph 3 of Lord Incheape's Report the following remarks will be seen :

"We appreciate the great difficulties with which the military authorities in India have had to contend during the transition period from war to peace conditions, when large armies had to be demobilised concurrently with re-organisations undertaken in the light of the lessons of the war. Hostilities with Afghanistan and operations on the frontier intervened whilst demobilisation was in progress and the growing cost of the Army coupled with the deterioration of the general financial condition of the country have more than once necessitated complete revision of the schemes proposed for the future composition, organisation and distribution of the Army in India."

I recognise, on the other hand, that India's first necessity is to achieve a balanced Budget and that no substantial advance can be made in other departments of the State until the financial position has been stabilised. There are times when risks must be taken. The reductions which have been proposed and to which I have agreed do involve a certain degree of risk from an exclusively military point of view, but they are risks which, in my opinion, the Government are justified in taking when confronted with the financial disaster which an unbalanced Budget would force upon this country. I can confidently say with a full sense of my responsibility as Commander-in-Chief that the risk is one that, in the circumstances, I am prepared to advise the Government of India to accept. The House will appreciate and is well aware of the marked improvement that has taken place in India during the last twelve months both in the external and in the internal situation, and I may remind the House of what I impressed upon them last year, namely, that, before I could conscientiously recommend a reduction in our military forces, there must be a definite and a permanent cessation of violent civil disorder. A great change for the better has taken place and we are in a very different position now compared with 1921-22, when the Moplah rebellion had only just

been quelled and the Government were faced with possibilities of serious disturbances elsewhere. It will not be necessary for me to detain the House by any technical comment on the details of the retrenchment to which I have given my general agreement. The facts and proposals which will chiefly interest Honourable Members of this Assembly are clearly stated in the Retrenchment Committee's Report, and a further discussion of them on this occasion would serve no useful purpose, more particularly as it is only the reductions in infantry which have received the approval of His Majesty's Government.

The proposed reductions in Cavalry and Artillery are still under consideration, and no definite conclusions have yet been arrived at. There is, however, one point of special interest and importance which I would wish to emphasise strongly. If the reductions contemplated are carried into effect they will leave practically unimpaired the fundamental organization of the Army in India. This organization has been introduced since the War in the light of the lessons learnt during the War. In collaboration with the Retrenchment Committee I have aimed at a reduction of a kind which will give the maximum saving of expenditure and do the least possible harm to our military machinery of defence. Obviously the preservation of the fundamental structure of the Army in India is a matter of vital concern both to India as a whole and to the representatives of India in this House. If the structure remains, it is always possible to add to it and to reinforce it in case of emergency.

I should like to take this opportunity of assuring the House that the present organisation of the Army in India is highly efficient and is one of which India may be justly proud. I say this deliberately; and I would add that the system is the result of the devoted efforts of the most efficient body of Staff officers that the Indian Army has probably ever possessed at any period of its history—officers who have been trained during the War, whose capacity was proved in the War and who are imbued with the lessons of the War. The passage I have already quoted from the Retrenchment Committee's Report indicates very clearly the difficulties which they have had to surmount, and the condition of the Army in India to-day redounds very greatly to their credit. I have seen unmistakeable evidence of it myself recently in the inspections of troops both on the parade ground and under training. The standard of efficiency has shown a very marked improvement since I came to India some two years ago, and if further evidence were required it is to be found in the results which British and Indian troops on field service have recently achieved in Waziristan.

In conclusion I would say one further word on Waziristan. Last year I referred to the halo of doubt and uncertainty which obscured the situation in that part of the Frontier. I hazarded the opinion that the solution of that difficult problem lay in the subjugation of the Mahsuds by force of arms and the construction of roads through their country. This policy has been and is being carried into effect, and there are definite indications—I cannot say more at the moment—that as a result the object of our policy will be achieved at no very distant date. If a final settlement can thus be effected, and I have every hope that it may, we shall be able to withdraw our military forces during

the coming autumn, leave the control of the country in the hands of our Frontier Political officers and thus effect a very considerable saving in our next year's Budget. But in the meantime we shall have built our roads and thus be in a position rapidly to support the Scouts and Khassadars and assist the friendly section of the tribes in case of trouble. Mr. Bray has already explained to you very fully the details of the situation and the general policy of the Government. I need therefore say no more, except that in my view there is a reasonable hope of peace in this turbulent country and a considerable reduction in our financial commitments. I hope the House will weigh carefully the considerations which I have tried very briefly to place before them and will appreciate the efforts which the Government and their military advisers have made at the first propitious opportunity of reducing the burden of military expenditure. We have effected it without sacrificing the essential requirements of Indian defence; but a limited degree of risk is involved. The improvement in the internal and external conditions of the country is such that in my opinion the Government is justified in accepting that risk in order to attain financial equilibrium. (Cheers.)

Dr. H. S. Gour (Nagpur Division : Non-Muhammadan) : Sir, about two years back, when first this Assembly assumed office, it was confronted with a deficit Budget, and the Members of the Assembly then pointed out what has since become obvious that the Governments' first duty was to balance its Budget. We then pointed out that the military expenditure of the country had far exceeded its paying capacity. Last year, in the second year of our Budget, we once more returned to the charge. We pointed out that the military expenditure was excessive and that the appointment of a Retrenchment Committee was essential for the purpose of restoring equilibrium in the Government of India's Budget. Later on, we followed up this suggestion by tabling a Resolution for the appointment of a Retrenchment Committee and in the teeth of opposition on the part of the Government we carried that Resolution. The result has been the appointment of a Retrenchment Committee. My Honourable friend the Finance Member, when he speaks of the storm and stress through which his colleagues have laboured during the last two years, could not have forgotten that we were ploughing our lonely furrow in the first and in the second year of the Budget, pressing upon the Government the necessity of balancing their Budget and of retrenching their national expenditure. Ours was the voice in the wilderness in the first year and the second year, and it was only after we pressed to the vote and carried by our majority the Resolution on the appointment of a Retrenchment Committee that Lord Inchcape's Retrenchment Committee was appointed. My friend Mr. Seshagiri Aiyar is perfectly right in saying that my Honourable friend must be suffering from lapse of memory if he has not adverted to what is written large upon the pages of the Indian Hansard. But, Sir, when we look at the question from the stand-point of the tax-payer, what do we find? The military expenditure, which stood in 1913-14 at 29·70 crores, had gone up in 1921-22 to 77·87 and in 1922-23 to 72·29 and in the Budget for the next year, after the reductions proposed, it stands at 62 crores. Last year we pointed out that in the Brussels Financial Conference it was resolved with the full concurrence of the Government of India and the representatives of the India Office that no nation could afford to pay more than 20 per cent. of its gross revenues on the upkeep of

the Army, and even 20 per cent. was excessive. Now, Sir, if we apply that test, what is the result? The expenditure on the Indian Army works out at 44 per cent. of the gross revenue even if the recommendations of the Inchcape Committee are fully carried out; and it is more than double what the Brussels Conference regarded as perilous and leading to national bankruptcy. I have not forgotten, Sir the gross revenues of the Government of India and of the Provinces. If they stand in the neighbourhood of 200 crores, this expenditure would still be far in excess of what was admitted to be the maximum at the Brussels Conference. Now, Sir, His Excellency the Commander-in-Chief has drawn attention to the fact that the Army of India cannot be reduced without due regard to efficiency. May I point out to His Excellency the Commander-in-Chief that immediately after the Mutiny the Army of India was re-organised and fixed at 65,000 British and 140,000 Indians and the Army to-day is 71,702 rank, 902 reserves, a total of 72,622 that is, 7,622 more than what was proposed at the close of the Mutiny, of British troops, and as regards Indians we have 170,968 rank, 15,529 reserves, a total of 186,497, that is, 46,497 more than what was settled as the maximum in the post-Mutiny re-organization. May I point out, Sir, in this connection that those were the days when we had to take account of what was then characterised as the Russian menace, we had to take account of the frontier tribes, and we had also to take account of a hostile Afghan nation. We have now a treaty with His Majesty the Amir of Afghanistan. Russia is in the military sense no longer able to disturb the peace of this country, and so far as the frontier is concerned, the frontier remains to-day what it was in the post-Mutiny period. What justification then, is there for the increase of the Army from those days to now? Then, Sir, in those days the principle laid down for the proportion of White and Indian troops was somewhere in the ratio of 1 to 2, and it was adhered to upon the assumption that the Indian troops might again break out into another mutiny, and therefore it was necessary to maintain a number of white troops as a counterblast. But, surely, Sir, after we have heard what His Excellency the Commander-in-Chief has said of the gallantry and loyalty of the Indian troops tried in the arena of war, what justification is there for maintaining that ratio between the white and brown soldier? His Excellency the Commander-in-Chief could not be unaware of the fact that the white soldier is the costliest soldier in the world. The Inchcape Committee have pointed out that he costs more than Rs. 200 a month, and he is therefore at least $5\frac{1}{2}$ times as costly as the Indian soldier. This House therefore demands to know why the British soldier should not be replaced by the Indian soldier, and why the white British officer should not by the gradual process of elimination be replaced by Indian officers. That I submit is the only means of effecting economy in the military expenditure of this country. Frequent references have been made both by His Excellency the Commander-in-Chief and other speakers to passages in Lord Inchcape Committee's report. May I, Sir, read one sentence from the very first page of that report. It says:

"So long as peace conditions obtain, the first essential thing is for India to balance her budget, and this can only be secured by a very substantial reduction in the military estimates."

The question therefore arises—Has there been a very substantial reduction in the military estimates? If Honourable Members will turn to the statistics I have given, they will find that far from there being any substantial reduction

in the military estimates, the expenditure is far in excess of what it was a few years back. I have informed the House that in 1913-14 the percentage of expenditure to the total revenue stood at 23·5. In 1917-18 during the War year our expenditure was 43·14 crores. and Lord Meston in his Award fixed 42 crores as the normal military expenditure. But a few years later that expenditure had risen from 42 crores, to the neighbourhood of 72 crores. What justification I ask is there for this appalling rise in the military expenditure? Lord Incheape himself, or rather the Lord Incheape Committee write with reference to military expenditure in the following terms :

“ Since 1913-14 the fighting efficiency of the Army has been enormously increased by the introduction of modern rifles, machine guns, etc., and that a large portion of the Army is maintained for internal safety.”

I listened, Sir, to a lecture delivered by His Excellency the Commander-in-Chief and there he pointed out that roughly speaking one-third of the Indian Army was maintained for the internal security, that another third was what are called covering troops and the remaining one-third was for frontier and other defences. Now, Sir, I beg to ask, why should not this internal security force one-third of the Army maintained for the maintenance of internal security be replaced by the police. I ask why should the military be maintained for the purpose of securing internal peace which is primarily the object of the police? Honourable Members will bear me out when I say the mere maintenance of this Army is an incentive to the civil authorities to draw upon the military in time and out of time when it is not necessary for the peace and security of the country that they should be drawn upon. It is the duty of the civilians to maintain peace and order in the country and if they require any extraneous assistance they can have the armed and unarmed police, but it is not the primary function of any army, much less a national army to maintain internal peace and order. That I submit is not the function of any army in the world and it should not certainly be the primary function of the army in India. If this fact is borne in mind, we shall have a very substantial reduction in the military expenditure of this country. I have already pointed out that if the British troops are replaced by Indian troops, and if the Army is reduced by one-third and replaced by police, armed and unarmed, the cost would then approximate to what this country is able to bear. But when I read in the Honourable the Finance Member's speech a reference to the fact that the Army in India must not be altered so as to essentially impair its structure and organization, I felt some doubt whether the policy of the Government of India is not to perpetuate the policy adumbrated at the close of the Mutiny and since persisted in in spite of the protests of the people's representatives in this country. Turning, Sir, from the military to the civil side what do we find? We find that in almost all the departments the administration consumes the bulk of the nation's revenue. Let me give Honourable Members some startling figures. I shall only trouble the House with the figures for the last four years. In Posts and Telegraphs in 1920-21 the income was 9·61, expenditure 7·57, profit 2·04, percentage of expenditure 78; in 1921-22 income 9·55, expenditure 8·98, profit diminished to ·57. Expenditure rose to 94 per cent. In 1922-23, income 10·23, expenditure 9·53 profit dwindled to ·70, expenditure stood at 93 per cent. In 1923-24, the Budget under discussion, income 10·71, expenditure 8·68, profit 2·03, percent-

age of expenditure 80. Now, in this connection what do the Inchcape Committee recommend? They recommend a reduction of 1·37 out of 9·53 crores, net reduction 50 lakhs. Now take another department—Customs. In 1921-22 income in crores 34·40, expenditure 65·87 lakhs, percentage 19·1. In 1922-23 income 42·30 crores, expenditure 72·74 lakhs, percentage 18. In 1923-24 income 45·09 crores, expenditure 77·19 lakhs, percentage 18. Now take again the Income tax department and the figures here are still more startling. In 1921-22 income 18·74 crores, expenditure in lakhs 20·50, percentage 1·0. In 1922-23 income 18·69 crores, expenditure 47·01, percentage 2·5 and now look at the next year's figures. In 1923-24 income 19·04, expenditure 63·79, ratio 3·3. And now take the railways the last of all.

- I shall finish very soon. I shall give the Honourable Members the figures for railways. I shall only give for 1913-14 and the last year's figures, though I worked them out for the last 15 years. In 1913-14, gross receipts 56·31 crores, expenses 29·35, percentage 52. In 1921-22, gross receipts 81·69, expenses 65·66, percentage 80. In 1922-23 revised receipts 92·7, expenditure 66·33, percentage 72 and next year income 95·57, expenditure 6·51, percentage 69·6. I submit, Sir, that this is an excessive expenditure upon the raising of revenue and upon the management of the commercial departments of the Government of India. Lastly there are the recommendations of the Inchcape Committee. Following the same train of reasoning, Honourable Members will find that while the Retrenchment Committee have left the general administration, audit, Ecclesiastical and Political Departments almost untouched, they have attacked these scientific departments, such as education, medical, public health, industries and the rest. Now the General Administration expenditure in 1921-22 was 128·48.

I will just point out that while in the general non-paying administrative departments the Inchcape Committee have made no substantial reductions, they have practically applied their axe to all the nation-building departments and cut out education, medical, public health, industries and the rest. I ask the House whether this is the right method of effecting retrenchment. I have no doubt that the House will unanimously support the proposal made by my Honourable friend Mr. Seshagiri Aiyar, namely, that the cuts should have begun first with the non-paying departments and not with the nation-building departments such as education, medical and public health and I hope that the Honourable the Finance Member will bear that fact in mind. Finally Sir, while we have no doubt to congratulate the Honourable the Finance Member upon the lucid presentment of the Budget we cannot disguise the fact that we shall not be in a position to impose any addition to the existing salt tax. To use the expression I used in another connection the salt tax is *res judicata*. It was sought to be imposed last year and we vetoed it.

Sir Montagu Webb (Bombay European): Sir, the Honourable Member in presenting his Budget claimed the privilege of a new Member. May I join with other Members of this House in saying that we heartily welcome him in our midst bringing as he does to the study of the problems on which we are engaged, not only a fresh mind to bear upon the Indian situation but one fortified and strengthened by personal familiarity with the far greater and more puzzling complications of money and finance on the Continent of

Europe. I must at the outset express my whole-hearted admiration for the courage that he has shown in venturing to come to India at this particular juncture to help us in putting our monetary problems right. Undaunted by a long succession of most 'appalling deficits and also by a rupee,—a fickle, elusive rupee, capable of doing anything from a shilling to two shillings, he nevertheless has addressed himself to the work of gathering in the harvest of the past,—a harvest, as he truly and fairly said, sown by his predecessors, predecessors not only in India but also, I would add, at the India Office. The results have been very much what we had anticipated,—accounts wherein the revenue expectations have disappointed us, leaving us in a worse position than we were in a year ago, and a Budget containing the same old noxious features with which we have become so familiar in the past, yet another deficit, and yet another proposal for additional taxation? I should be concealing the truth, Sir, if I did not say at once that the Budget gave us rather a chill directly we heard it. But, on going through it, Sir, we find that after all it is not such a bad Budget. In fact, I am inclined to think that possibly many people may think it a very good Budget. If perhaps it is not as good as all of us may desire, at any rate it has many good features and I hope this House will pass it, if not exactly in its present form, then perhaps modified in some small degree.

I take it, Sir, that nobody in this House would think of holding the Honourable Member personally responsible for the state of affairs in which we now find our finances. (*An Honourable Member* : "Not at all.") He very rightly and fairly protested that the two months in which he has been in this country were hardly sufficient in which to enable him to prepare a Budget. Well, Sir, if two months are not sufficient, what are we to say of the two or three days only in which Honourable Members have had to study the five thick volumes of statistics and material supplied with the Budget, including the large 300 paged volume of the Inchcape Report? I should like, Sir, at this moment to say that I have endeavoured to read through and study the whole of that Report and the first impression left on my mind is that this is the most valuable document that Government have published for many years past. Apart from the many penetrating and illuminating suggestions and comments on the work of the various Departments of Government made by the Committee, the fact that they have recommended a retrenchment of nineteen and a quarter crores in our expenditure is a great thing. If that retrenchment can be carried out without seriously affecting the efficiency of the administration, then indeed, Sir, will the Inchcape axe have fallen with effect. I think, Sir, that everybody in this House and the whole of the public of India should express their gratitude and indebtedness to Lord Inchcape and his Committee, all of them leading business men, who have devoted their time and talents to the solution of this problem and laboured so strenuously to bring about the desired result. And I think we ought not to forget, Sir, to congratulate Dr. Gour of this House, who is responsible for putting forward the motion on which this Retrenchment Committee was appointed.

Now, Sir, the Honourable the Finance Member said in his Budget speech that it was no use crying over spilt milk and that we should not expect him to go back and delve very deeply into the past. That, Sir, is quite true ;

but I will venture to recall one or two matters in the past in order that we may have a better understanding of the position with which we are now dealing. First of all, I would remind the Honourable Member that for over two and a half years after the outbreak of war, no War Loan was raised in India by the Government of India. Now, what was the effect of that omission? During that period the Government of India were paying out money the whole time on behalf of the British tax-payer without collecting any money in the form of loans to pay for the war. I do not know if it is everywhere realised in this House that the British tax-payer during the war paid this country very nearly two hundred and fifty millions sterling for services and goods supplied for war purposes. Now, the effects of paying out all that money in India without at the same time collecting the money in the form of War Loan were two. First of all, we very nearly at one time ran out of currency altogether. There was one never-to-be-forgotten Saturday in Bombay when the Currency Office very nearly suspended specie payments. That situation was followed by the issue of a large quantity of paper money, and an enormous coinage of silver to restore the currency. The ultimate result was that prices in this country were forced up to higher levels than they might otherwise have reached had this particular financial policy not been carried out.

Now this condition of high prices is most important. For it is high prices

1 P.M.

which are the cause of half our difficulties, probably of 75 per cent. of the difficulties with which we are faced at the present day. I was very glad to notice that the Honourable Member made a reference, in fact more than one reference, to the level of prices in this country, because the purchasing power of the rupee in India is of far greater importance to the great mass of the people of this country than the purchasing power of the rupee out of India; that is to say, in relation to the pound sterling. I consider that it is much more important that the rupee should not lose its purchasing power in India,—that prices should not so rise, that the necessaries of life are out of the reach of the great mass of the poor people,—in short, that it is much more important that the rupee should be stabilized *in India* than that it should be stabilized in relation to currencies *out of India*: although as a matter of fact, most attention is usually concentrated upon our foreign exchanges. And in this connection, I may say, Sir, that I am fully in accord with the Finance Member with regard to our foreign exchanges. Firstly, I agree with him that there is no sanctity in any particular rate,—2s. 1s. 4d., 1s. 3d., 1s. 2d.—and, further, that I am in accord with him that the time has not yet come to attempt final stability in our foreign exchanges. I think, that if Honourable Members will study the present condition of Europe, —if they will study the dependence of our foreign exchanges upon our exports to Europe and then finally if they will take into consideration our external, sterling debt, they will see very clearly that the moment has not come for attempting to stabilize our foreign exchanges. It is quite possible that we should fail! In this connection I notice that the Honourable Finance Member says that if we were to stabilize exchange at 1s. 4d., internal prices would have to go up. I cannot help thinking that that is a slip of the pen (*The Honourable Sir Basil Blackett*: “No.”), that the Honourable Member intended to say that prices in India would have to go down. The reason is this, that prices are already up; prices in India have been 100 per cent. and

more above pre-war levels, and what is taking place now is that prices in India are gradually but steadily going down. If we could fix the rupee at 1s. 4d., then prices in India would have to go down to pre-war levels. The fact that prices are at present over 50 per cent. up, and that the probability is that they will not return to pre-war levels for a long time, if ever, is a good argument for fixing the rupee, or trying to fix the rupee, at 1s. 3d. rather than 1s. 4d.

In this connection I should like to say, as there is a good deal of discussion in the West of India about the foreign exchanges, that the uncertainty, I will not say the danger, which is before us at the present moment is not that Government may not be able to raise the rupee to two shillings ; it is not whether 1s. 4d. is the most suitable point at which to attempt to stabilize the rupee ; it is whether Government can prevent the rupee from slipping back to substantially below 1s. 4d., possibly to one shilling. That is the problem ; that is the uncertainty ; that is—some people would say—the danger which is before us.

Now, Sir, I am very glad to see a reference made by the Honourable Member to the desirability of stimulating the investment habit in this country. That is certainly one of the means by which this country can progress in all directions. I can only hope that, holding the views he does, he will support the Resolution which I have attempted to bring forward more than once in favour of Bonus Bonds. Surely, Sir, it is business-like, to take advantage of the universal desire to win a prize by issuing Bonds in a form whereby some small portion of the interest can be distributed in the form of bonuses thus stimulating the investment habit. (A Voice : "That is gambling.")

Now, Sir, I come to the Budget for next year. I should like to make first of all, a few comments on the form in which the Budget has been presented. I will commence by saying that I think that it is wrong,—radically unsound,—that the accounts of our business undertakings,—the accounts of our commercial Departments, should be mixed up with the accounts of the general administration. I think, Sir, that they should be entirely separated. Not only are the positions and financial results of our State commercial undertakings greatly obscured by the present way of showing the accounts, but the true cost of administration of this country is magnified out of all proportion to reality. The Honourable Member has on this occasion unwittingly added to the distortion by mentioning figures of *gross* expenditure instead of *net* expenditure. I confess that when I heard him say that our expenditure next year was estimated at 204 crores, I received a terrible shock. The expenditure as we have been accustomed to speak of it, is only 130 crores ; and if you take out of the Budget the expenditure on the Commercial Departments—Railways, Posts and Telegraphs, Forests, etc.—then the actual expense of administering this country is only a trifle over one hundred crores, that is to say, about £66 million sterling, per annum,—a decidedly small sum for a country of the size, wealth and population of India.

Now, Sir, what are these Commercial Departments. I mentioned just now that they are the Railways, the Post and Telegraphs, and the Forests. May I read to you what Lord Inchcape's committee say in their Report about the Forest Department :—"The Government of India are in possession of

a very valuable forest property. We have found it impossible to obtain any satisfactory information either in regard to the working or the financial results of forest operations. We consider it is essential that forests should be managed on commercial lines," and, lastly, "The accounts of the Department should also be placed on a commercial basis." Now, Sir, exactly the same remark applies to the accounts of our Posts and Telegraphs and to the accounts of our Railways. I should like to explain, Sir, if I may, what a business man means by putting the accounts on a commercial basis. In the business world, where we are familiar with profit and loss accounts and balance sheets, what we want to see is the income from our commercial Departments placed on one side of a Profit and Loss account, and the expenses of earning that income on the other side, the balance being carried to a Balance Sheet wherein on the liability side we show our debts,—our capital outlay expended in acquiring or building our railways, in developing our forests, in erecting our public buildings, and on the other side of the Balance Sheet, a list of our assets with the present day values of our railways, with their plant, lines, permanent-way, rolling stock, lands, buildings and so forth, our telephones, our telegraphs, our wireless installations and all public buildings connected therewith, our stocks of saleable timber, etc. I venture to say that if those accounts were separated from the general Budget, and the businesses run properly we should find not only a handsome surplus in the profit and loss account, but we should find a still more handsome surplus of assets over liabilities that would add enormously to the credit of this country, not only in India but out of India, thus facilitating the raising of further capital. I commend this suggestion to the consideration of the Honourable Finance Member. Now, Sir.....

Mr. President : The Honourable Member has exceeded his time.

Sir Montagu Webb : I am sorry ; there are two or three very important matters to which I should like to draw attention at length but I will now compress them into two minutes. First of all, with regard to the railways. Lord Inchcape's Committee have advocated a severe cut under the heading of Railways. I think this cut will be regarded with very great apprehension in many business quarters, especially in the case of the North Western Railway, which I am surprised to see has been classed as an "unremunerative" railway. I should like to point out that the North Western Railway includes in its system over 1,500 miles of strategic lines. I should also like to point out that it is equipped for military mobilisation on the North-West Frontier ; and further I should like to mention that for the last three years the export of wheat from India has been prohibited for reasons not concerned with the North-Western Railway, but for political and economic reasons which concern all-India. If all those matters be taken into consideration, Sir, I think it will be seen at once that statistics based on the traffic of the last three years and not considering the 1,500 miles of strategic railways are not a reliable or accurate basis on which to decide whether that railway is remunerative or un-remunerative.

The other matter to which I would like to refer briefly is Military Expenditure. I said just now that if we took out the commercial accounts from the general Budget, our expenditure was only about 100 crores. Of that 100 crores, 62 crores are to be devoted next year to military expenditure. Now

at first glance that looks like 62 per cent. But I would remind the House that in calculating the proportion of military expenditure to the whole, the expenditure of all Provincial Governments must be taken into consideration. If that expenditure be taken into consideration, then, Sir, our Military Services cost only about— I worked it out at about 33 per cent. Now thirty-three per cent. is certainly higher than we would like to see it, but we must all remember that conditions in this country are very different from what they are in the United Kingdom. Not only have we great numbers of illiterate, ill-informed people to deal with, but also great differences in race, creed and caste that are all liable to develop difficulties, so that great proportions of the population are liable to combustion. Then too, we have the North-West Frontier. I think these outstanding and unquestionable facts have all to be taken into consideration.

If you will allow me to say so with regard to the deficit on the Budget Sir, I should urge that Government abandon at least a portion of the proposed Salt tax. I would suggest in place of it, Sir, to be brief, the possibility of a small export tax on petrol. I do not think it would bring in very much, but I am not yet satisfied that it could not be levied to advantage. I would further suggest a four annas duty on silver. I know some of my friends in Bombay do not like the idea of a return to that 4 annas import duty but I would assure them that if they feel that the four annas duty is likely to depress the sterling value of silver, I would urge that the one rupee note be abolished and that one rupee silver coins be substituted. This will mean an increased demand for silver. The one rupee paper note is quite unsuitable for a tropical country in peace time ; I am glad to see in the Incheape Report that the Controller of Currency says that it is more expensive to maintain one rupee notes in circulation than one rupee silver coins. Those are a few suggestions ; the other is that the proposed salt tax be at least halved. ("No, no.") If the silver duty be imposed and a small tax levied on petrol, and savings be made elsewhere, we shall be able to balance the Budget ; and I submit to this House that we *must* balance this Budget.

Mr. Jamnadas Dwarkadas (Bombay City : Non-Muhammadan Urban) : Sir, I am afraid the task of dealing with the Budget of this year has been rendered more or less easy by the report of the Incheape Committee. We do not find, for instance, Member after Member getting up as they got up last year and the year before last asking for cuts in this department and retrenchment in that department and so on. We find that discussion is focussed on whether it is possible to have a further cut to do away with the deficit and on the point whether the salt tax should be accepted by this House or not. We have also the usual criticism on military expenditure rendered less forcible, I think, because of the proposals made by the Retrenchment Committee. And so, one finds that the Retrenchment Committee has certainly carried out an admirable piece of work in submitting this report, and I join with those that have congratulated not only the Incheape Committee, but this House also for bringing about the state of affairs by which it was possible for the Incheape Committee to present its report ; and, Sir, this "enthusiastic and inexperienced Legislature," as the Under-Secretary was pleased to characterise it the other day, may well congratulate itself that it

has helped in the presentation of a document which ought to be an eye-opener not to the Legislature but to the "experienced administrators" of the country; and I may here digress for a moment and say to my Lord Winterton what he said to Colonel Wedgewood when Colonel Wedgewood irrelevantly, I am afraid, attacked Mr. Thompson. I may say to Lord Winterton in his own language that if he had used these words not away in the Parliament of England, but in this House, in the presence of the Members of this House, then, to use his own words, "he would have got something from some of the Members of this House which he would have for a long time remembered."

Passing on, now, Sir, to the proposals made by the Honourable the Finance Member, I join with the other Members of the House in offering him my congratulations. I do not for a moment admit that it is a Budget that in any way ought to make us cheerful, but I do think that he has handled the subject in a most admirable manner, if I may say so. Apart from that, my reason for congratulating him further is that he has made certain admissions in the Budget which endorse the opinion—public opinion—expressed in this country for the last few years in their condemnation of the policy that was adopted by Government. For instance, I find my Honourable friend saying on page 59 of his speech :

"And the State which is driven to cheat its creditors does not always realise what it is doing although its unsound methods are adopted at the expense not only of the wealth and happiness of its own citizens, but also at considerable risk to social order within its borders. Much of the present unrest in the world is due to the way in which States in all parts of the world have cheated their creditors by unsound currency manipulation and the creation of paper money with no real assets behind it."

My Honourable friend Sir Montagu Webb was pleased to say that during the war Great Britain gave to this country in exchange of services and exports made from this country to the other country 250 million sterling. I want to ask my Honourable friend how much that amounted to in rupees. Was it in any way the same that we expected to get at the time when on the credit of England we exported articles from here or was it rendered much less by the currency manipulation adopted at the instance of Government? I am glad to find that in the very first Budget that my Honourable friend the Finance Member has presented he has, although not openly at least in the language that he has adopted made an admission of the danger of adopting a policy of currency manipulation in this country. Then my Honourable friend has also practically admitted the need of stabilising the exchange. I hope the House will not accept the fallacious argument of my Honourable friend Sir Montagu Webb that the time has not come when exchange should be stabilised. The time *has* come, and the country has been demanding it for the last few years that exchange should be stabilised, and unless the exchange is now stabilised, no confidence can be placed in the currency policy of the Government by the people, the result of that being that the trade of the country and the industrial development consequently will always be in a state of depression. I feel therefore, that the time has come for stabilising the exchange, and if one reads the arguments presented on each side of the case by the Honourable the Finance Member, one would find no difficulty in believing that at heart my Honourable friend himself would like to stabilise the exchange. He himself was connected with that Committee in Geneva which recommended

strongly the stabilising of exchange as the first step to be taken. If he held that view about European countries in spite of the present uncertain state of their currency, I think the case for India is much more hopeful.

And the only argument that the Honourable Finance Member has been able to present against the stabilizing of exchange is that it might be of advantage to you not to stabilize the exchange because a higher exchange may mean a reduction of your debt, and in the payment of your Home charges. Now that argument, I am sure, my Honourable friend could not have meant seriously because what, after all, is the gain that you would make by a reduction in the payment of your debts, and in your Home charges, as compared to the great loss that this country, the community at large, would incur by getting smaller prices and a much smaller sum of money for its exports on which the country depends? You cannot consider this question from the point of view of gains to the Government. The question has to be considered from the point of view of gain or loss to the community, and if there is no doubt whatsoever that it would mean a tremendous loss to the community then the need of stabilizing the exchange under any circumstances becomes absolutely obvious. My friend also has pointed out the need of balancing the budget and on that I am entirely at one with him. Although the deficit is only 4½ crores it is necessary that we should not leave it uncovered and here again is an admission from the Honourable Finance Member for which he deserves congratulation. His predecessors did not realise until the deficit went to the extent of 100 crores of rupees, that it was wrong in the interests of this country to allow this deficit to accumulate. The deficit was not due to the fact always that this House was not prepared to vote the necessary taxation. Last year may be taken as an exception, but the deficit was in most cases due to the failure of the Department to bring about correct approximate estimates. In all cases we find that the revenue fell short of the approximate estimate that the Department had made, and I am glad that, after five years, when the deficit had reached a figure of 100 crores,—it will now be only 4½ crores. My Honourable friend, who is an able financier, realises the importance of leaving the deficit not uncovered, and I think there is great force in that argument. Our credit is bound to suffer if we leave this deficit uncovered and I emphasize the need of covering this deficit at any cost. But while I agree to that proposition, I may at once tell my Honourable friend that this House will never agree to covering this deficit by raising the tax on salt. That proposition I must assert with all the emphasis that it is in my power to command. Last year I characterised the proposal for the enhancement of the salt tax as a messenger of revolution in every village home. I ask the Government not to repeat the mistakes that they have in other instances made in the past in the teeth of the opposition of the people. I ask this House to reject this proposal and to urge upon the Government, if possible, to make further cuts in order that the deficit may be avoided, and if that is not possible, to suggest, with the help of Government, alternative proposals for covering the deficit. And in this connection I may also state that I am not yet convinced by the argument advanced by my Honourable friend Mr. Aiyer that the annuities should not be taken to the Capital Account. In a year like this, we would be perfectly justified in doing what many other countries have done. If we could take the interest on the Gold Standard Reserve and the Paper Currency

Reserve to the Revenue Account, what can prevent us from following the practice which other countries have adopted for the past many years. And talking about the Gold Standard Reserve brings me to the importance of urging upon my Honourable friend the Finance Member the urgency of locating the Gold Standard Reserve here in this country. To-day Honourable Members will find that the interest that the Government is able to get on the Gold Standard Reserve is 2 per cent. from its investments in England, while the Bank rate here goes to 8 per cent., and industrial concerns and agriculturists and traders find it difficult to obtain money, and consequently there is bad trade, and the revenues fall short of the estimate, our own money is being invested in England at 2 per cent. What then can be a better policy than locating the Gold Standard Reserve here and investing it at 5 or 6 per cent., with this advantage to the community, that the Bank rate will not go up, and money will be available to traders and industrial concerns at a much cheaper rate of interest. And I may also point out that the majority of the Babington Smith Committee had, in their recommendation, suggested an alteration of the Paper Currency Act with a view to enable the Government to make 5 crores available to the Imperial Bank at 8 per cent. for advancing to agriculturists when the seasonal demands for moving crops came up. Now I may make a suggestion to my Honourable friend the Finance Minister, that this Paper Currency Act should be further modified and that the amount available to the Imperial Bank should be not merely 5 crores, but 10 to 15 crores, to give substantial relief to agriculturists and also that it should not be lent out at 8 per cent. to the Imperial Bank so as to lend it out at 10 per cent. against *hundies*, but it should be lent out at 5 or 6 per cent. so that the agriculturists may not have to pay more than 7 or 8 per cent. Then, Sir, I support also the proposal made by my Honourable friend Mr. Sahani that the time has come when you should adopt in this country a Gold Standard and a gold currency. Sir, I appeal to the House not to accept the suggestion to enhance the salt tax; but I may also suggest an alternative if I may. My Honourable friend the Finance Member told us that there was no alternative proposal made by any Member of the House. Sir, we have not got an able staff at our disposal to work out all the figures

Dr. H. S. Gour: Have we got any staff at all?

Mr. Jamnadas Dwarkadas: But if I may venture to make a suggestion, it seems to me that the proposal to raise an export duty on jute would not be out of place. The Fiscal Commission itself, while it has condemned export duties in general, has pointed out that jute, being a monopoly in this country, can stand an export duty, and in times of stringency we would be justified in resorting to a further export duty on jute. The argument that if we raise the duty further a substitute may be found does not hold water, because the finding of a substitute does not depend on the existence of an export duty, but is a matter of scientific research. Then, Sir, my Honourable friend Mr. Ginwala has made a general suggestion with regard to taxation. In this connection I may also point out that some of us expected that the recommendations made by the Fiscal Commission and accepted by the Government here in this House might find a place in this year's budget. Perhaps the Honourable Finance Member was not to blame; it was too early for him to give effect to these proposals this year at any rate. But I think

that when the Tariff Board has been appointed—and I hope it will be appointed at a very early date—and when the Tariff Board has completed its investigations in some cases, we shall have a much better system of tariff than the present haphazard arbitrary system which is adopted by the Government of India. I also agree with my Honourable friend Mr. Ginwala that the time has come to make an examination into the whole question of taxation, for it seems to me that the burden of taxation falls unequally in this country and there are institutions which, although they deserve to be taxed, are being left alone because Government regard certain facts as permanently settled. (*Dr. Nand Lal* : “As, for instance?”) The time has come when those institutions should be made to bear their burden of the administration of India.

With these words, Sir, I resume my seat.

Sir Gordon Fraser (Madras : European): Sir, I listened with great interest to the very interesting speech of the Honourable the Finance Minister and I would like to congratulate him on placing the position before us in so practical and businesslike a manner. We have to accept the fact that we are faced with this deficit of 4½ crores. The Honourable the Finance Minister proposes to square this by raising the Salt Tax by Re. 1-4. May I suggest with all due deference that the new taxation be spread more equally over the present existing taxation? I am afraid that one's efforts to assist the Honourable the Finance Minister in making Budgets are very much of an amateurish nature. I personally feel very great diffidence standing up here and making suggestions to him. But I cannot help thinking that it would be more equitable to distribute the amount, especially as in doing so I am quite sure it would not be inflicting any hardship on any particular individuals or communities. Also I think we all hope that the times ahead will be more prosperous and that the bulk of any taxation that may be imposed now will be only temporary. I admit at once that I cannot find any sound or practical reasons for opposing the imposition of this Re. 1-4 per maund enhanced duty on salt. But we must not forget that the whole sentiment of the country is very strongly against it, and we must admit that in India sentiment looms very large and very often it overshadows hard and material facts.

I think personally the feeling against the enhancement of the Salt Tax might perhaps not have been so strong amongst Honourable Members if it had not been the only means by which the Honourable the Finance Minister proposed to balance his Budget. As I said before, it would be more equitable to distribute the tax more equally, and it would then give all Honourable Members of this House the satisfaction of contributing their share towards the deficit put before us by the Honourable the Finance Minister.

I suggest therefore as a first step that the enhancement of the Salt Tax might be reduced to 8 annas instead of Re. 1-4. This would bring the tax to Re. 1-12 instead of Rs. 2-8—an enhancement of very little more than one anna per maund per head per annum, a very small sum indeed. Then I would retain the export duty on raw hides and skins. I have no figures available to ascertain what amount this would give us, but I put it down at 20 lakhs. I speak subject to correction on this point as there are no figures before me at all. Then I would suggest as a temporary necessity to terminate on the 31st March 1924, just for a period of one year and to terminate auto

matically at the end of the financial year, that the Honourable the Finance Minister should impose a temporary surcharge of 6 pies in the rupee of tax collected under the headings of Customs and Income-tax. This, with the modified Salt Tax, would give us an amount that would enable the Honourable the Finance Minister practically to meet his deficit.

Under Customs the receipts expected are 45 crores. Six pies in the rupee on that will give us Rs. 1,40,00,000. Under taxes on Income, the figure expected is 19 crores. Six pies in the rupee here gives us 60 lakhs. I put the raw hides down at 20 lakhs, and then we have the Salt Tax—8 annas on that would give us Rs. 1,80,00,000. This brings the total to 4 crores against the $4\frac{1}{2}$ crores required. I would leave the Honourable Finance Member to find the extra quarter crore ; possibly if 8 annas is considered too low a figure to reduce the salt tax to, we could take it at 12 annas instead of the original Re. 1-4. That would increase the figure by another 90 lakhs, giving us Rs. 490 lakhs as against Rs. $4\frac{1}{2}$ crores required. Now, it may seem a somewhat retrograde step to take to suggest an increase of the customs duties and income-tax, but this six pies in the Rupee of tax collected is a very small figure indeed, and I cannot see that it will hurt anybody. If we take goods liable to 5 per cent. duty on importation, those goods with the surcharge added would only pay 5.15 per cent., goods incurring a duty of 10 per cent. would be paying 10.3 per cent., and even when we come to the luxury tax—a tax against which so much has been said—of 30 per cent. it would only come to 30.9 per cent. Then as regards income-tax and super-tax, here again the extra tax would be so small that it would not be felt, and yet at the same time these two items would give us half the amount required by the Honourable Finance Minister. If you take a salary of Rs. 500 per mensem or Rs. 6,000 per annum, under the present schedule it pays a tax of Rs. 190 per annum, and if you add a surcharge of six pies per rupee on the tax collected, it only means an extra Rs. 5-15, or less than eight annas a month. Then again take a salary of Rs. 1,000 a month or Rs. 12,000 per annum, the tax on it under the present Act is Rs. 560 per annum ; the surcharge would only be Rs. 17-8, or under Re. 1-8 per mensem. When we get into the higher incomes liable to super-tax, when we take an income of a lakh of rupees per annum, under the present Act the tax-payer has to pay Rs. 12,500 and the surcharge on that would be Rs. 390—it means only Rs. 32-8 a month. I think I am right in saying that the Honourable the Finance Member has to pay income-tax and super-tax to the extent of about Rs. 10,000 a year ; the increase in his case is only Rs. 25 a month. I do not think this is very much ; it only amounts to a 3 per cent. increase on our present customs duties and income-tax.

Then again it may be contended that this will upset the present methods of accountancy ; but the collection of this tax would be extremely easy ; it would not upset the present methods of accountancy in any way at all. Take for instance goods imported into this country on which the import duty payable is say Rs. 125-14 ; we cut out the odd annas ; on Rs. 125 at six pies in the rupee we get $62\frac{1}{2}$ annas or Rs. 3-14-6, to be added to the original amount calculated as duty on those goods. I contend that my suggestion would be fairer and more equitable than the suggestion to raise the whole sum by a tax on salt alone. All would contribute on the basis of the present taxation,

and it would not in any way upset the balance of taxation as it exists at present. In putting forward this suggestion it must be distinctly understood that I only make this suggestion as a temporary one, as with the prospect of improved trade in general I am optimistic enough to think and hope that the extra taxation now suggested would not be necessary for more than twelve months.

I think the Honourable the Finance Minister in his speech made a remark that we must cut our coat according to our cloth. The attitude of some Members of this House towards the attempts to provide sufficient wherewithal to meet our requirements rather reminds me of a remark made by a fellow-commissioner of mine on the Madras Corporation some years ago. His remark was that we must cut our coat according to our body. Now, that is a very nice idea indeed. If you are going to do that you will have to provide sufficient cloth to make the coat fit the body. That is what at the present moment Honourable Members of this House are rather shying at. Along with this suggestion of the surcharge on customs duties and income-tax, I propose that we should allow the duty on raw hides and skins to remain as it is at present. I may be wrong in my estimate of what this will bring in because I have not got the figures. I have just received a telegram from Madras which reads as follows :

"Madras Chamber of Commerce and the South India Skins and Hide Merchants' Association (the latter being entirely an Indian Association) strongly protest against the reduction in export duty on raw hides and skins and at a joint meeting held to-day it was unanimously resolved that no rebate be allowed to Empire countries and that export duty at 15 per cent. should apply to all countries. If proposal now before the Legislative Assembly be adopted, the tanning industry of India which at present is in a very critical condition will be further seriously affected if not crippled."

Now, in connection with that I would like to refer to a letter from the Government of India, Department of Commerce and Industry, dated the 13th June 1916, dealing with the question of the export of raw hides. The Secretary then wrote :

"As you are aware for several years before the War this lucrative trade had passed, at any rate so far as Calcutta was concerned, almost entirely into German hands. On this side firms consisting of Germans, or of naturalised persons of German origin and with German trade connections had formed an effective ring and although one or two English and other firms had on occasions attempted to enter the trade they had been unable to break this ring and had practically in all cases abandoned the attempt. In the case of an Indian firm, it would appear that before the war a determined and partially successful attempt at boycott was carried out by the German ring of hide exporters."

That was the position before the War, and from figures that I have taken out it seems to me that the trade necessity referred to by the Honourable the Finance Member for the removal of this export duty does not exist. If we take the export figures of raw hides, for the 9 months ending December 1922 and compare them with the figures for 1911, 1912 and 1913, we find that Italy and Spain, two of the largest importers into the Continent of raw hides from India, are practically back to pre-war figures. Taking the case of Germany in spite of her present disorganised condition, I see that for the nine months ending 1922, the total value of raw hides exported from Calcutta was 72 lakhs. If you take it for twelve months, it is equivalent to 96 lakhs presuming that exports continue on the same scale. Well, the figures before

with that. Theoretically an excise duty is essentially a duty upon consumption and that is what we intend it to be. We remit that excise duty on petrol exported because we do not wish to place our producers in an unfavourable position compared with producers in other countries. We cannot be sure that our producers can pass on the duty to the foreign consumer and we are never quite sure that the duty will not recoil upon ourselves and upon our own producers. That is the theoretical reason why we give a drawback of the excise duty on exports. We give that drawback in respect of the cotton excise and we give it in respect of this petrol excise duty. But, Sir, I will take the purely practical question of what is likely to be the probable effect of imposing this export duty, as I may call it, of 6 annas a gallon on exports of petrol. How much revenue are we going to get out of it, and what are the other effects going to be? Those are the points to which I shall address myself and I will ask the House to remember three material facts. First, the production of petrol is a mere incident in the manufacture of kerosene oil. In fact before a use was discovered for petrol in connection with motor cars and vehicular transport of that kind, the Burma Oil Company actually used to burn their petrol. They had no use for it. Secondly, only surplus petrol is exported from India. India's demand for petrol is fully met, and it is only the surplus above the requirements of India that is exported; and thirdly, the exports of petrol from India, or rather from Burma, are merely a drop in the world's supply. Most of that petrol, most of those 20 million gallons, go to the United Kingdom. The United Kingdom's imports of petrol are 210 million gallons. This last fact is very important indeed. It means that if we impose this export duty upon petrol, the Indian Oil Companies could not pass on that duty to the foreign consumer; the Indian Oil Companies could not raise their price for the foreign consumer; they would have to sell their petrol at the world's price. Well, what would the effect be? The Oil Companies would have to pay that 6 annas a gallon themselves. They would have to pay 75 lakhs of rupees per annum themselves, and the inevitable effect would be that the Oil Companies would not be able to export petrol from India at all. I do not know what the cost of production of petrol in India is. I do not think anybody knows.

Dr. H. S. Gour : Two annas a gallon.

The Honourable Mr. C. A. Innes : Then Dr. Gour is wiser than I am; all I can tell you is this. We have studied this question with reference to the experience in other countries. The question of an export duty on petrol from Mexico is a very old question, and after long experiments the rate of export duty at Mexico has crystallized down to half an anna a gallon. In the Dutch East Indies the export duty on petrol was fixed in August 1921. There again they fixed it at something like half an anna a gallon, and I believe that the future of that tax is very uncertain. But the most instructive history of all is the history of Roumania. In 1919 Roumania imposed an export tax of 20 per cent *ad valorem* upon mineral oils. What was the effect? The effect was that they crippled their export trade. In the first four months of 1919, 900 tons of kerosene oil represented their exports. There was another result—production in Roumania was seriously affected: and the result of Roumanian experience is that the export duty on petrol from Roumania is

now fixed at the equivalent of one farthing per gallon. Now I have given the House the experience of other countries. I have shown that in other countries where they tried this export tax, they have not been able to fix the tax at a higher figure than one-half penny per gallon. I think that it will be clear to the House now that it is entirely out of the question for us to think of imposing an export tax on petrol exported from India at anything approaching either 6 annas, or even the 3 annas a gallon proposed by my Honourable friend Mr. Spence. If we go by the experience of other countries, the very most that we can safely impose would be a tax of half an anna a gallon. That would yield us a revenue of just over 6 lakhs of rupees a year. Then, Sir, there is another side to the shield. We cannot take this question of an export tax on petrol apart from the question of kerosene oil. Now, whatever may be the complaints of the consumer in India and in this House against the Burma Oil Companies in respect of the prices they charge for petrol, I do not think that there is any one here who can cavil at the policy adopted by the Burma Oil Company in respect of the price they charge for kerosene oil. They fixed their price for kerosene oil, inferior yellow kerosene oil, as far back as 1905 at the range of prices obtaining then. They fixed it at Rs. 2-14 per unit of 8 gallons or installation at the ports; that was for inferior oil. They maintained that price for many years, they are maintaining it still. But, as inevitably happens, the demand in India gradually overtook the supply with the result that at the present time the demand for kerosene oil is something between 150 to 180 million gallons a year, whereas the amount of kerosene oil produced in Burma is only 100 million. Now the effect of these factors became most evident in the latter days of the war. The Burma Oil Company still supplied the inferior oil at Rs. 2-14 a gallon, but it was unable to meet the whole of India's demand, and petrol had to be imported from abroad in order to supplement the Burma supplies. For a time the price of these imported supplies was governed by the price of the Burma oil. But, as the war dragged on, the importing Companies were unable to import kerosene at that price. Consequently the Burma Oil Company were unable to make their price of Rs. 2-14 a gallon effective. We all remember in 1917 and 1918 what profiteering there went on in kerosene oil; how the Burma Oil Company tried to maintain their price, but how the middlemen, how the profiteers, drove the price up. It would have been perfectly simple for the Burma Oil Company to raise its price to the level of the price of the imported oil. It did not do so. With the full cognizance of Government, though we had no share in it,—they came to an arrangement with the Asiatic Petroleum Company. It was a pooling arrangement. They pooled their supplies, and they pooled their prices. It is a complicated arrangement, and I am not going into it now, but all I will say is that as a result of those pooling arrangements, the price of inferior kerosene oil in India at the present time is estimated to be 3 annas a gallon below the world's market price. It is estimated—I give the figures for what they are worth, I saw them in the report of the annual meeting of the Burma Oil Company recently,—it is estimated that India has scored by that arrangement since 1919, 33 crores of rupees in kerosene oil alone. On the one side you have these Oil Companies maintaining a price of kerosene oil three annas a gallon below the world's price. They have always got a margin up to that. They could raise their price. On the other hand, you have

this possible export tax. I have shown that if you put a tax of 6 annas a gallon or even 3 annas a gallon on those exports, you get no revenue at all ; you merely kill the trade, and if you put on a small tax, you take this 6½ lakhs out of the Burma Oil Company and other oil companies, but there is nothing in this world to prevent them from recouping themselves by increasing the price of kerosene oil. Now does this House want the price of kerosene oil to be increased in order to get a very small amount of duty out of this export tax on petrol ? Sir, Government has been accused throughout the country by propaganda spread by the motoring trade, Government has been accused of deliberately sacrificing this revenue. I have shown that it is nothing of the kind. The whole matter has been explored, and we have come to the deliberate conclusion that the thing is not worth doing. We should get very little revenue out of it, and we might send up the price of kerosene oil for the poor man in India.

Mr. E. Burdon (Army Secretary) : I wish to reply very briefly to certain observations which have been made in the course of this debate on the subject of the recommendations of Lord Inchcape's Retrenchment Committee in regard to military expenditure and the Army estimates for 1923-24. My object in doing so is not to embark upon any form of contention but really to give the House certain information which I feel sure that Honourable Members would like to have.

I will deal first with certain remarks made by my Honourable friend Mr. Rangachariar. If I remember his speech correctly, he raised two points of special importance. In the first place he referred to a statement in the speech of the Honourable the Finance Member made with reference to the revised Army estimates for 1922-23. The statement was to the effect that the budget for 1922-23 provided 65.10 crores for the established charges of the Army; whereas, according to the revised estimates, the charges will now amount only to 60½ crores ; and I think my Honourable friend's point was that it was unjustifiable for Government to frame so high an estimate in the first instance. The explanation of the apparent defect in estimating is fairly simple. In the budget for 1922-23 we made an allowance for a fortuitous shortage of British troops and other personnel. The shortage, however, continued much longer than was anticipated and much longer than could have been foreseen and the saving on this account will exceed the allowance made in the budget by 134 lakhs. Again savings secured by the consumption of surplus stores as opposed to new purchases yield Rs. 65 lakhs more than the budget estimate, while the receipts from the sale of surplus stores and surplus lands and buildings will be higher by 48 lakhs. There are other fluctuations one way and another of a similar fortuitous character and the net result of all those that I have mentioned is to give a saving of 290 lakhs of rupees on the original estimate. Again, the fall in prices to a lower level than could have been anticipated contributes a further saving of Rs. 75 lakhs. Fluctuating charges in hospitals on the diet of hospital patients have gone down by 50 lakhs of rupees owing to a remarkable fall in the constant rate of sickness amongst soldiers due to favourable seasons and efficient medical administration. There has also been a large reduction in Home charges on furlough allowances, marriage allowances of British troops and sea transport, due largely to economies

and reduction of rates effected in the course of the year. These, however, have been counterbalanced by an unforeseen increase in non-effective charges, the estimating of which in recent years has been a matter of great difficulty. I trust that this explanation will set my Honourable friend's mind at rest. The estimates were prepared on the correct basis according to the data then available, for example, on a forecast of prices supplied to the military authorities by expert advisers. Further, as the Honourable Finance Member explained the savings which it was thus possible to secure by strong control and good administration or from fortuitous causes were not allowed to be dissipated on other normal forms of expenditure; and I am sure my Honourable friend would not wish that the savings had not been realised, or that the savings had been spent.

• The second of my Honourable friend's points was generally to the effect that, while Lord Inchcape's Retrenchment Committee have recommended a total retrenchment of approximately 13 crores (*Rao Bahadur T. Rangachariar* : "13.95 crores"), of approximately 14 crores, the estimates for 1923-24 disclose a reduction of 5.75 crores only. Here again, there is an explanation which is simple enough if stated on broad lines. The Retrenchment Committee took as their basic figure the cost of the Army in India according to established sanctions unrelieved by any of the fortuitous credits to which I have just referred. These fortuitous credits, and fortuitous debits also, have affected the military estimates for the last two or three years and they have, I am afraid, tended to make the situation as regards military expenditure somewhat obscure at the first glance. Now, if the total value of the retrenchments proposed by the Retrenchment Committee is deducted from this basic figure which I have mentioned and to the result there is added the amount which is estimated as required to cover the terminal charges and the lag mentioned by the Honourable Finance Member, we arrive at the figure of the Army estimates for 1923-24. In the lag I include here the normal charges of the troops to be reduced in the interval before the retrenchments if accepted could be fully carried into effect. I will not attempt to give the precise details of the calculation now; the matter is much too intricate, and it is necessary that I should be brief. I will, however, be glad to give my Honourable friend and any other Honourable Member who desires it a statement which will show the exact figures and the exact process of calculation. Generally speaking, also, I think I am right in saying that my Honourable friend, Mr. Rangachariar, seemed to doubt the reality of the retrenchments in military expenditure which it is proposed, subject to the agreement of His Majesty's Government, to adopt. I think there is some justification, if I may say so, for his attitude, because in the short time at the disposal of Government since the presentation of the Retrenchment Committee's Report it has not been possible to exhibit in the printed Army estimates the full consequential details of the acceptance of the recommendations. Thus, for example, we have had to retain in the column showing the strength of the personnel the figures of 1922-23. It will only be possible to correct these completely when the details of the reductions have been finally settled. On the other hand, I imagine that Mr. Rangachariar's doubts must have been largely dispersed by the statement which His Excellency the Commander-in-Chief made this morning, and hope, therefore, he will now look upon the Army estimates with the eye of

faith. I can assure him, with reference to certain further remarks that he made, that provision has been made or reductions in the staff and establishments at Army Headquarters and in subordinate formations, that a radical reorganization and reduction of the supply services is contemplated, that there will be reductions also in the personnel of the Mechanical Transport, and the Medical Veterinary and Remount service, and the Schools of Military Training and of the Army Educational Corps. The number of mechanical transport vehicles to be used in peace and the mileage to be run by them will be largely curtailed and the cost of feeding animals in remount depôts will also be considerably reduced. Certain other Honourable Members, who have spoken in this debate, have expressed the view that Lord Incheape's Committee have not gone far enough in regard to retrenchment of military expenditure. They have read out passages from the Committee's Report in which the Committee have said that the existing burden of military expenditure is more than the country can afford and must be substantially reduced. Well, Sir, I also have read these passages but I have gone a little further in the book and I have read the recommendations which the Committee made in pursuance of their belief that military expenditure has got to be diminished. It is evident from a perusal of the Report that the Committee themselves consider that they have gone as far as it is possible to go at the present stage of events. I am sure that no Honourable Member of this House will deny the competence of the distinguished gentlemen who constituted the Retrenchment Committee, and I personally can vouch for the ruthlessness with which they attacked the military estimates. I think I appeared before the Committee myself more frequently than any other individual official.

I think it will be of interest to the House if I summarise one very important aspect of the Committee's recommendations. The reduction in fighting troops which they have proposed amounts to 8,500 British troops and 6,000 Indian troops, a total of 14,500. I am sure the House will recognise that proportionately the reduction is very considerable. The effect of these reductions if they are carried out to the full will be to alter the ratio, which, as my Honourable friend Dr. Gour informed the House this morning, used to be 1 to 2 to 1 to 2.67. My Honourable friend Dr. Gour has evolved certain suggestions of his own for effecting further savings. One of these was the transfer of internal security duties from the Army to the Police. Well, I may explain that the suggestion is one which has actually been considered, and it is one which the Army, if the decision were left to them, would like very much to adopt, as I can assure the House there is nothing the Army hates more than to be called out for the suppression of civil disturbance. There are, however, certain objections to it. The first objection is that it would to a very large extent merely amount to robbing Peter to pay Paul. It is true that armed Police Battalions, according to the calculations which we have made, would probably cost less than a regular Indian Infantry battalion, but there would be no very great difference and the charge would, as the House will understand, merely be transferred from Central to Provincial estimates. There are military reasons of great cogency also against the proposal, but the House will understand that it is impossible for me to discuss seriously on the present occasion a large question of policy of this kind. My Honourable friend Dr. Gour had also something to say in regard to further

reductions of British troops. Well, as the House are aware, the Retrenchment Committee, who were in a good position to judge of the matter, and the Commander-in-Chief do not consider that any larger reduction can with safety be made than that which has been proposed. That reduction, as I have shown, is considerable. There is one other distinguished authority whose support I think I may claim for the view that greater reductions should not be embarked upon at this stage. I am referring to my Honourable friend Sir Sivaswamy Aiyer. He told the House this morning that he does not altogether share the opinion of the Honourable Sir Dinshaw Wacha on the subject of the abolition of the amalgamation scheme. I think I may assume that by this he means that India must for the present continue to rely in some measure upon the services of the British Army. My Honourable friend Sir Sivaswamy Aiyer has an intimate acquaintance with the whole matter. I need hardly remind the House that it is not so very long ago that he was a Member of the Committee which dealt with the military requirements of India. My Honourable friend Sir Sivaswamy Aiyer, in the course of his speech this morning, mentioned two matters to which he desired to draw the particular attention of His Excellency the Commander-in-Chief; His Excellency being detained in another place did not hear these particular observations and was therefore unable to reply to them. I feel sure, however, that I can promise my Honourable friend on behalf of His Excellency the Commander-in-Chief, that the question of admitting Indian officers to departments of the Army as distinguished from the combatant formations, will be carefully examined, and also that His Excellency the Commander-in-Chief will do everything in his power to secure a favourable decision on those Resolutions which were passed in this House in connection with the Esher Committee's Report and which are still under consideration either by the Government of India or by the Secretary of State.

The Honourable Sir Basil Blackett: Sir, before I proceed to deal with the debate as a whole I think it is necessary that I should make a few remarks about the last speech. We have tried very hard to explain to the House that the estimates before the House are based on the assumption that the Retrenchment Committee's recommendations are accepted in full and put into force at the earliest possible date. The idea persists that there are extra crores up our sleeve which we can produce by putting these recommendations into force at an earlier date, or that it is only necessary to antedate them in order to get more out of them. But, of course, that is an impossibility. The suggestion that the budget deficit can be balanced by making use of the recommendations of the Retrenchment Committee to a greater extent than Government has done is an impossibility. The deficit is there after making full use of those retrenchments and making allowance only for the fact that it is impossible for us to antedate them or to bring them into force to-day. Perhaps it would be useful if I read one or two remarks made by the Retrenchment Committee themselves on this question of the date on which the recommendations should come into force. On the military services, page 58, they say :

"If our recommendations are accepted, and, if they could all be brought into effect at once, the military budget for 1923-24 could be reduced to Rs. 57½ crores, but we recognise that it will take some time for the whole of these savings to materialise. . . . The Finance

Department in framing their estimates will require to make an allowance for terminal charges and for the expenditure which must necessarily be incurred during the period required to give full effect to the changes which we recommend. We are not in possession of the data necessary for framing such an estimate."

We have framed such an estimate and it is on that basis that we presented the military budget of 62 crores. The same applies in regard to the civil expenditure. At the end of their report the Incheape Committee say :

"We recognise that it will not be possible to secure in the ensuing year the complete reductions proposed, as under the rules notice must be given to surplus establishments, large reorganisations cannot be effected immediately, and large terminal payments will be necessary in some cases. It will also be necessary to make provision for increments to establishments on time-scale salaries. We recognise, also, as stated in paragraph 2 of our general conclusions on the Military Services (which I have just read)

"..... that some of the reductions proposed represent reductions in stocks of stores and are therefore non-recurring. Even allowing for those factors however, we believe that our recommendations, if carried out, will go far towards solving the problem of restoring India's finances to a secure basis."

The effect of the recommendations of the Retrenchment Committee, Sir, has been estimated as far as possible by the Government, so far as their effect on the year 1923-24 is concerned, and it is on that basis that we have arrived at the estimates for 1923-24, which show as against the expected revenue a deficit of 4.26 crores. Our problem still remains, how to cover that deficit. The speeches, of which there have been 40, I have listened to in the course of the last two days have all been very interesting and instructive. I have to thank, I think, every Member for a very kind personal reference to myself. Let me at this stage also incidentally make good an omission which has been remarked on in my speech last Thursday. It was, Sir, far from my thought to deny to this House its full share of the credit of securing the appointment of the Retrenchment Committee. If I did not make a specific reference to that in my speech, I must make the same excuse as was made by my friend, Mr. Seshagiri Ayyar, for cutting short his compliments, there was not time; I did not want to spend too much time on other than essential matter. All the speeches have been interesting too from the point of view that almost without exception—and this is a matter upon which I congratulate the House and myself—almost without exception it has been recognised that this deficit cannot be left uncovered. It is an unpleasant necessity which we have to face. Mr. Shahani who opened the discussion recognised that we could not leave the deficit uncovered; Mr. Spence who followed joined in the appeal to cover the deficit. Right through every speech I think it was recognised that the deficit must be covered and more than one Member appealed to me to examine, in consultation with the House, the possibility of avoiding the salt tax, and the whole of our discussions really come back to that—how we can cover the deficit and avoid the salt tax. As I have already explained, try as hard as we will, we are honestly convinced that there is no possibility of a further reduction in expenditure in 1923-24. I am not prepared to say that all possible reductions for all time have been made, but for 1923-24, I think the House should take it from me that there is going to be very great difficulty in carrying into effect the reductions which

we have taken the responsibility of including in the budget figures. There is no possibility in 1923-24 of reducing our estimates of expenditure below the figures we have taken. Again and again in their deep anxiety to avoid the deficit Members have harked back, as the last speaker did, to hopeful expectations that something more may be got out of the Retrenchment Committee's proposals. But they are only doing what the Government of India had done before. I think if you were to wander round the various Departments to-day and ask them what had happened to some favourite project, they would all repeat a couplet which we knew as children, that is, those of us brought up in England :

"The ship went down with a shiver and a shock
"Fore God it is the Inchcape Rock."

I do not think there is any hope of further reductions ; they have all gone down ; all the extravagances and a great many desirable items have gone down on the Inchcape rock. I ventured to prophesy in my speech last week that all the Members would manage to disagree with me on some point or another, and I think I have been justified. Quite apart from the salt duty, individual retrenchments suggested have been criticised. The most common form which that criticism took, though not the only one, was a criticism that the so-called nation-building departments had suffered most. Now, I do not think that that is really a fair criticism. Under the federal system under which India works to-day, Education, Public Health, Irrigation as well as Land Revenue are provincial subjects. All that the Inchcape Committee has done in regard to these subjects is in one or two cases to recommend a certain amount of reduction in the provision made in the Central Government's estimates, and their justification for doing that is nearly always something in this form. At page 120, the Committee say : ' In view of the essential modification of the position of the Central Government *vis-à-vis* the provinces under the Reforms Scheme in respect of education and medical administration, which are now transferred subjects, over which the Government of India exercise a very limited control, we do not consider that there is any justification for the retention of the Educational Commissioner.' Indeed any economies that are suggested by the Retrenchment Committee in that direction are small ones, and they scarcely touch the problem of the nation-building expenditure to which reference has been made. I do not think therefore that it is quite fair to make that sort of criticism of the Retrenchment Committee. I would like to add just one other observation. We have not yet effected those reductions. Part of the actual giving of effect to these reductions will take place next week when we are discussing the Demand Grants. Now I refer again to my speech last week ; I said that I never heard of any retrenchment except one which was universally popular. I think that it is necessary when we come to that to keep our minds on the Budget as a whole and realize that if one of us dislikes one particular bit of retrenchment very much, another Member probably regards another bit of retrenchment as equally wicked, and we have got to take the good with the bad ; in order to get the reductions which are essential, some of us have got to accept reductions which rather go to our heart. It is impossible to characterize all reductions as mere cutting down of expenditure ; some of them are undoubtedly the

cutting down of what may be described as desirable expenditure. But for the time being the position is that we cannot afford it ; and I do hope that when we come to the actual discussion of the reductions, we shall keep the broad fact, that we cannot afford expenditure, in our minds rather than the more obvious factor in dealing with detail that it is a very desirable bit of expenditure.

There was a very famous cartoon during the war which pictured a soldier who afterwards came to be known as old Bill standing in a shell hole with two others—there were shells falling all around him, and he was looking particularly uncomfortable, and he was saying, 'if you know of a better hole than this, then take me to it.' Now that is the position of the Government in regard to this question of the salt tax. If any of you know a better hole than this, take me to it. But I have listened with great interest to the suggestions that have been made from one quarter or another. Bombay wants an export tax on jute—it has even been suggested by some non-Bombay Member, that we should increase the cotton excise duty. (*A Voice*: "Not seriously.") One very interesting suggestion was entirely new to me ; I think that I may honestly say that it was not the only one that was new to me ; the Government of India spent a great deal of time in reaching the unfortunate conclusion that it knew no better hole than this. It was a suggestion made by Sir Gordon Fraser ; he only partly escaped the hole because he was going to retain a portion of the salt tax, the rest he was going to cover by an increase of half an anna in the rupee in the revenue from customs and income-tax. That was a novel suggestion, and the Government will be very ready to examine it, but it has obvious difficulties on the face of it. I should not care to be the Customs Collector who was collecting 1-32nd *additional* on each invoice that he had to make out ; it is a very awkward fraction to work, to say the least of it, but it is a suggestion that I should like to have the opportunity of following up a little further. Various other taxes have been suggested which we had already very carefully considered. Mr. Innes has already explained the unfruitful and dangerous character of an export duty on petrol. The tax on silver is a hardy annual. It would bring in something like a crore or a little more ; therefore it would not itself cover any large portion of the deficit. But it is a tax to which there are many objections, and I am not sure that the House would desire me to repeat what has been said almost annually as to the theoretical and practical objections to that tax. But it is obviously not anything more than a partial solution, nor do I think it is a desirable solution. The only point I think in which it differs from nearly all the other suggestions of new taxes that have been made is this, that it is the only one which does not cost the poor man more than the salt tax. Now the Government of India when it came to suggesting the salt tax, and I must speak for myself, the new Finance Member was not unaware of the history of this salt duty—they did not propose it lightly ; they did not propose it for the fun of proposing it, as was suggested by somebody. They proposed it because it was the expedient which seemed to them to be the one which would do the least damage to the country and would most easily cover the deficit. Now people have been fairly frank in speaking about it. I do not think anybody, beyond saying that it was a tax on the poor man, has spent very much time in showing its economic ill effects. A great many people have

referred to the fact that it is politically objectionable ; it is really the sentiment here rather than a fact that has to be combated. I do not deny that it is a very difficult position ; but, after all, that is the position. It is a tax which would cost,—what is it, 3 annas a year per head ? It cannot be claimed by anybody who just repeats that to himself that it is going seriously to upset the position of even the poorest. Three annas per head per year. (*A Voice.* “5½ annas.”)

Mr. Jamnadas Dwarkadas : 15 annas for a family.

The Honourable Sir Basil Blackett : That is, less than a rupee per family per annum. I venture to say that the suggestion for an increased customs duty on cotton or an increased excise duty on cotton, both of which have been made and neither of which would in themselves bring in such a large revenue as salt, would cost the poorest man more per head than salt. The last speaker mentioned that 25 per cent. of the customs duties are paid by the poor man. It is not for the fun of suggesting a tax which everybody knew in advance would be a very difficult one that this tax has been suggested, but because Government is honestly convinced that from the economic point of view it is the tax which is the least objectionable—all taxes are objectionable taxes—to India economically, socially and in every respect, and that it is nothing but the atmosphere of sentiment, and I may add the real political difficulty in which Members of this House will find themselves that causes the objection which has been nearly unanimously expressed in this House to the salt tax. I felt bound to make that defence of the salt tax, and I do not think that I have said anything that Honourable Members will take objection to. But we are still faced with the position,—if we don't have the salt tax, what other tax can we have ? The Government of India's suggestion was, and is, that we should increase the salt tax. We are prepared, as we have been asked to do by more than one Member of the House, to examine in consultation with the House any other expedient that really is available for getting rid of the deficit, but we did and we do put forward as the least objectionable method of raising taxation to cover the deficit, the proposed increase in the salt tax. One other means of covering the deficit has been put forward and that is that we should somehow or other so alter our accounts that either the deficit disappears or is reduced to small proportions. Mr. Samarth misquoted or at any rate misinterpreted Bastable in trying to prove that the Budget as it stands contains items which should not be charged against the annual revenue ; and he went further even than that. He took such items as expenditure on Military Works, the greater part of which represents, I believe, repairs (*Mr. N. M. Samarth :* “No ; I did not say that. My amount does not include that.”) I apologise then if he did not take that figure ; it seemed to me that he did. Now, I do hope that the House will not be led away into by-paths in which deficits will suddenly reappear as surpluses. It is so easy to manipulate accounts. But what is the position at the end of the year supposing you say that this or that building is a capital expenditure, this or that expenditure on irrigation which will not yield any revenue,—most of which indeed involves expenditure in the future years ? Once you have got a building, you have got to maintain and repair it. You say it is a capital charge and therefore you are not going to charge it to Revenue. It

is not part of the revenue of the year. Supposing 4 crores are spent in that way in the year; at the end of the year your unproductive debt is 4 crores higher, you have got to find interest. You have indeed got an additional asset which may possibly be a costly one. There is the cost of keeping it up. This particular question of military works being charged to Capital formed the subject of a long controversy in England in the Nineties up to about 1906, and so far as England is concerned, it was definitely decided that that should be stopped. In 1906, when Mr. Asquith became the Chancellor of the Exchequer his first action was to insist that this method of pretending that your expenditure was not against Revenue but was against Capital should be stopped. It was simply piling up debt. The other suggestion that Mr. Samarth made—and others made—was that that portion of the annuity in the railways budget which represents sinking fund should not be charged against Revenue. Sinking fund—real sinking fund—can only come out of Revenue. You can call it sinking fund; and you can borrow it. But that simply means you borrow in one form in order to pay off in another form. That is not a sinking fund. That is merely movement of Capital. There are arguments certainly when you are in a tight place for temporarily suspending sinking fund. “Raid on the sinking fund” is a common phrase or it was so before the war in England. But it is only a confession of weakness. And anybody who studies the Indian Budget of the present year will come to the conclusion that so far from there being too much provision for reduction of unproductive debt, one of the problems we have got to face when things are a little better is some increase in the provision we make for preventing our unproductive debt in time of peace growing up against us. I have made no suggestion of that sort this year, and although I made a passing reference to the fact that nearly two crores of our expenditure this year and a certain amount in previous years has been spent for purely unproductive purposes,—although it may be an asset, the building of a large new Capital is certainly going to increase the cost. Expenditure will have to be incurred in keeping it up. I made a reference to the fact that this unproductive expenditure was at present being charged to Capital. I did not suggest that we should cover it in this year. But if we are removing such sinking fund as there is inside our present revenue out of it, we ought at the same time undoubtedly to bring into the charges against Revenue the unproductive charges which are at present charged to Capital, and if we did that the deficit would, I am afraid, be increased and not decreased. We come back, therefore, to the position that there is a deficit of $4\frac{1}{2}$ crores, and, with due respect, the suggestion which holds the field for covering that deficit is an increase in the duty on salt.

The House will probably desire me to deal with one or two of the other subjects which were raised by Honourable Members in the course of the discussion. The most important of which I have a note here are questions of railway policy, the general question of the incidence of taxation and the question of exchange. Now, one of the unsatisfactory features undoubtedly of this year's Budget is that the cut of 3 crores which we have made in the railway budget represents a postponement of necessary renewals and repairs. We made the same mistake,—it is again a question of being wise after the event. Most of us would have made it if we had been in charge of the finances of

India at the time. *During the war when there were large surpluses—apparent surpluses—on the railways, they were used to avoid increases of taxation, although now looking back we can see that these surpluses represented mainly the fact that owing to the war the railways of this country were not being repaired and renewed to the extent that was necessary, because materials could not be obtained for the purpose. The result was that after the war we had to take on a very heavy programme of renewals and repairs to make good what had been left undone during the previous years. It is possible, and there are some passages in the report of the Retrenchment Committee which suggest it that some of the expenditure on renewals and repairs was not so well thought out as might have been; but it is undoubtedly undesirable that we should avoid a deficit or show a surplus simply by postponing charges for repairs and renewals which belong to this year to the next year or the year after next. Still the cut we have made this year will probably be justified but it is obviously not a cut which you can repeat, unfortunately. It would be thoroughly unsound finance that we should be inventing surpluses, simply by not spending money on keeping our railways up to the mark.

Mr. Ginwala made a very interesting speech in which he discussed the whole subject of the incidence of taxation and the same subject has come up incidentally in a great many other speeches. Of course, one of the difficulties here is that we are living under a federal system. There is at present a fairly clear demarcation between what are subjects for provincial taxation and what are subjects for Imperial taxation, taxation by the Central Government. The suggestion, for example, of the death duties, which was made by Mr. Ginwala, is a subject which might very usefully be explored for the purposes of improving the position of the provincial Budgets. But it is not going to help us to cover our Budgets. The same difficulty of the Provincial *versus* Imperial claims on the taxable subjects of India arises in connection with the suggestion of raising income tax upon receipts from agricultural lands. It is a matter obviously of great interest. But that suggestion was answered by a gentleman sitting behind me this afternoon who claimed that it would be a breach of faith if the permanent settlement was touched. There is therefore the difficulty both of the permanent settlement question and of the claims of the Provincial Governments standing between us and the possibility of making any use in the budget we now have before us of the suggestions which Mr. Ginwala's very interesting speech would lead us towards.

I now come to the question of exchange. There has been a fairly even division of opinion as between those who partly agreed with me that the time had not yet come for the fixation of the exchange, and those who expressed considerable disappointment. The expectations of one Member were so great and he was so flattering to myself that he expected that, on landing at Bombay, I had only to say "let the exchange be fixed" and it was fixed. But that is not the way things happen unfortunately. We can say that we are going to fix exchange, but unless we do the right thing and have sufficient resources and apply them in the right way, exchange won't remain fixed in spite of our statements. Sir Montagu Webb agreed with my general conclusion that the time had not yet come, but he went on to disagree fairly generally with the rest of what I had said on that subject.

I think the point that he made was that the level of prices to-day is such that the exchange, if fixed at the moment, ought to be at $\frac{1}{2}$ instead of $\frac{1}{4}$, and might even have to be lower. That is a reading of the level of prices with which one may not entirely agree. It is a question of very careful study of not very satisfactory data, namely, the index numbers, but my reading of the position was that, comparing the index numbers of wholesale prices here with those in England, and America, and making allowance for the fact that you would expect, owing to the large increase in import duties that has been imposed in India between 1913 and the present day, the index number in India to be higher relatively to the English number than if it had not been for those import duties, it seemed to me that, judging by the price levels in the two countries, there were a good many prices here which had not yet accommodated themselves to the fall which has taken place in the exchange value of the rupee all the way from 2s. 8d. to 1s. 4d. or lower. Therefore if you were going to fix exchange at 1s. 4d. now you would probably have to look for a further rise in prices. The subject is a difficult one to discuss on the spur of the moment like this. There is a reference which Sir Montagu Webb made about the fall in prices to pre-war levels that I should like to deal with. Prices in England have not fallen to pre-war level; they are something like 160 to 170 as compared with 100 before the war. Now it is quite uncertain whether prices may not be in for a rise rather than a fall. If America finds the large quantity of gold which she has in her federal reserve system too large to deal with in other ways, she may be driven to build new credit upon that reserve of gold, and no one can foretell, but it is quite a possibility that there may be a considerable rise in American prices. When sterling is at par sterling would almost inevitably have to follow suit. Then India would again be faced with the problem whether she wants to keep prices more or less stable or whether she wants to keep the rupee more or less stable; just the same problem that she had in 1914. And considering the social difficulties which changing levels of prices cause in a country like India it is quite possible that it would be much more to India's advantage to let the external value of the rupee alter rather than to let the internal value of the rupee alter and internal prices go up. All this may sound as if the Government of India was very anxious to manipulate the exchange, but it is not really a question of manipulating the exchange, it is a question of dealing with a problem which in the era of instability which has followed after the war has taxed the ingenuity of every country. In a sense the exchange of every country has to be manipulated in these days; you cannot simply go to a gold level. No one knows what would be the consequences in the world if that were rashly attempted by any country. The value of gold is one among the many commodities the price of which in these days is changing rapidly and you do not get stability of prices by simply being on a gold level. However I have wandered rather deeply already into a subject on which I did not want to spend time, and I will return now to a few words as to the budget for 1923-24.

I ventured to make an appeal to the House when I spoke last week for a long, strong pull together. If we balance our budget this year I believe we have very good hopes for next year, but we cannot take any risks. We have had two good monsoons; we cannot be sure that there will be a third good monsoon, and if there is not a third good monsoon, there is not the least

doubt that our estimates of revenue in this year's figures are optimistic. We cannot foresee what would be the position a year hence, but we can be quite sure that it will make an enormous difference to our position whether we succeed this year in balancing our budget, restoring our credit thereby possibly enabling ourselves to borrow at lower rates, or whether we go on with one more year of Micawberism, hoping for the best, hoping that something will turn up. The House agreed right through that that was an impossibility and I end on the note that I began, the salt tax remains the only suggestion which really holds the field, and in the opinion of the Government of India the best suggestion for dealing with the situation.

THE BUDGET—THE INDIAN FINANCE BILL.

FINAL STAGE.

19th March 1923.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move :

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration."

Sir, before I proceed to make a speech of any kind on this motion, I should like to ask whether for the convenience of the House it might not be desirable that instead of having a discussion on the motion to take into consideration we should take the general discussion on clause 2 of the Bill which is the clause imposing an additional salt duty. The question, as I see it, that is before the House to-day is whether if at all we can cover our deficit; if so, whether it is to be a salt tax or some other tax or combination of taxation; and it seemed to me that it might be for the convenience of the House if instead of having first of all a general discussion on the motion to take the Bill into consideration which must necessarily range over the question of the duty on salt, we telescope the general discussion on this motion and on clause 2 into one, which I believe will make for economy of time and for more relevance. It would of course depend on your ruling whether on clause 2 we could take a general discussion and not limit ourselves simply to the question of salt.

Mr. President: The point submitted to the Chair by the Honourable Finance Member is that it might be desirable, in the interests of the efficient despatch of business to-day, that the Chair should allow discussion on matters arising under clause 2 to include alternatives which might be proposed in other clauses.

I am prepared to take the discussion in that way. At the same time the Honourable Finance Member used the words 'general discussion' regarding which I must utter a word of warning. General discussion on the motion that the Finance Bill be taken into consideration means that the Legislative Assembly may range over the subjects for which the taxes are

being provided, that is to say, general administration and other subjects. Honourable Members will remember that last year there was a long discussion upon the Army. I cannot allow a discussion of that character on matters arising out of clause 2. The discussion on clause 2 and on the amendments proposed will be confined to the taxation proposed and to possible alternatives.

Sir P. S. Sivaswamy Aiyer (Tanjore *cum* Trichinopoly : Non-Muhamadan Rural) : Sir, I should like to avail myself of the permission you have granted to make a few observations of a general character before we proceed to a detailed consideration of the various amendments to the Bill. Last week the Assembly endeavoured to effect various economies in the budget and it proposed retrenchments to the extent of over a crore ; but those efforts have not been altogether successful. We should have been glad if the Honourable Finance Member could have bent his rigid financial orthodoxy so far as to meet the wishes of many Members on this side, including non-official European gentlemen engaged in business, that a crore and fourteen or twenty lakhs might be transferred to capital. I do not propose to waste any time upon that question for the reason that the Honourable Finance Minister has informed us that the Governor General in Council has declined to allow it. It is no use therefore for us to dwell upon that matter any further. I would simply observe that in these matters it is not possible to lay down any hard and fast rule and we should have been really thankful to the Finance Minister if he could have seen his way to advise the Government to allow the proposals of the Assembly to stand. But we must remember that the decision of the Government is sanctioned by past usage and by the view taken by the Secretary of State in the correspondence of 1906 or 1907. Now, the net result of this discussion during the last week on the budget is that we are told that there is a deficit of Rs. 368 lakhs odd. Now, I do hope that it will be possible for the Finance Member further to explore possible means of retrenchment but it is not a suggestion of much practical moment at the present stage of the discussion. Now, the question before the House is what course are we to adopt ? There are two courses open to us. I believe there are a few who think that it would be a great incentive to the Government to practise economy if the deficit were left uncovered. For my part, I am not willing to believe that the Government are blind to considerations of economy. I think we shall be acting fairly if we give credit to the Government for a sincere desire for economy, more especially after they have given proof of it in the readiness with which they assented to the appointment of a strong Retrenchment Committee and after the assurances we have had that the Government would do their best to carry out the proposals of the Inchcape Committee as far as possible. I do not think, therefore, we should be justified in assuming that unless we leave the deficit uncovered, the Government will be under no inducement to practise economy. On the other hand, there are serious disadvantages in leaving this deficit uncovered. In the first place, it is bound to affect the reputation of the Assembly for a sense of financial responsibility ; it is bound to affect our credit with the Parliament in England, and not merely that, it is also possible that it may affect our credit in the money markets. We did try the course of leaving a portion of the deficit uncovered during the consideration of the Finance Bill last year, but I do not think it

will pay or that it will be in any way advisable, to follow that course for the second time this year. It seems to me that the only course which is open to us now is to find ways and means of covering the deficit as far as possible. I think it must be the desire of every one in the Assembly not to strain the constitution to a breaking point. I am quite alive to the necessity of expanding the constitution by the establishment of conventions, by expanding it wherever pressure on our part will have the effect of expanding our privileges, but I do not think it will be wise to knock our heads against a stone wall or to push our resistance to financial proposals to the point of breaking the constitution. What then is the remedy? I think we must agree to some method of taxation for the purpose of covering the deficit, either the whole or nearly the whole of it. It is quite possible also that, as I have said, there may be some other remedies available, though I do not know to what extent such remedies may be available. I remember, Sir, the caution that you administered to-day that we should not indulge in any discussion of the army expenditure, and I have no intention of doing so, though I might perhaps be suspected of some weakness in that direction. But if I may, for the purpose of illustrating my remarks, refer to one thing in the military expenditure, I would say this, that in former years the head of contingencies used to loom very large. This year there is a new head which makes an enormously generous provision in the army for leakage and other losses to an extent far beyond that provided in previous budgets. I can well understand the necessity for providing for such things in the stock account, and the stock account has provided for losses to the extent of 70 odd lakhs, but I cannot understand, apart perhaps from the requirements of orthodox book-keeping, why this sum of 60 odd lakhs should appear under the head of the Standing Army, working expenses of depôts, and so on. Sir, I will not devote more than one minute to the illustration which I am going to give. It is this. There are numerous entries under this head of losses, of anticipated losses, of cash stores in transit, and stores in charge, loss by fluctuation in prices of stores, loss in issue of stores at concessional rates, and loss on sales of surplus stores. The Budget provides under these heads, so far as I have been able to trace them in the detailed estimates, for 60 odd lakhs. Now is that necessary? May not the Honourable the Finance Member usefully devote some of his attention to this large head which have now taken the place of the old head Contingencies which it was thought prudent to provide as a safeguard for unforeseen contingencies and perhaps for other purposes? Now that is only by way of illustration. An examination of such items may possibly lead to a reduction of the deficit to some extent. I quite admit that for the purposes of book-keeping it may be necessary to do it, but surely the Government does not think it necessary to replace losses of cash and make provision in the current expenditure for the replacement of losses of stores in transit, however proper it might be to enter them in the stock account. Sir, I have done with this.

Now, Sir, apart from any such reductions which you may be able to effect as the result of a more minute scrutiny of the Budget, whether civil or military, the question substantially remains, how are we to meet the deficit? Now there are various suggestions which would have been put forward by the Members of the Assembly. Of these the three most important are, a surcharge upon the Customs, a surcharge upon the income-tax and an enhancement of

the salt duty, not to the full measure proposed by the Honourable the Finance Minister but to a smaller extent. Now I think I may state with a fair amount of confidence that, so far as the proposal for the enhancement of the salt duty is concerned, there is practical unanimity on the part of the non-official element in this House that the enhancement on the salt duty cannot be allowed to pass. Then, Sir, there remain two chief sources of possible addition to the revenue. One is a surcharge on the Customs and another is a surcharge on the income-tax. Now in speaking upon this question, I am aware that there may be some difference of opinion, but let me state that the opposition to any increase of income-tax also is quite genuine. Of course, it must be recognised that no form of taxation is faultless, and that there will be objection to any form of taxation, whatever it may be, but granting the inherent human unwillingness to bear any form of taxation, I would say that the proposal to add to the income-tax is likely to be viewed by a very large section of the House with disfavour. Thus apparently the only source to which we can look for an augmentation of our revenues is the surcharge on the Customs. And, speaking for myself subject to the result of the discussion which will follow, I should think that a surcharge of one anna in the rupee on the customs duties, on all duties which are classified under the head of Customs would be sufficient for all purposes. It would bring a sum of Rs. 2,80,00,000 or more. Now, I know that there may be certain objections brought forward to this proposal also. Firstly, on the ground that the surcharge of one anna in the rupee is a little too high and secondly on the ground that particular items which are included in the Customs schedule deserve either exemption or more favourable treatment. But the objection to this course is that, once you take out one item for favourable treatment or exemption, similar proposals may be put forward by people interested in other items. For instance, I know that the Honourable Member to my left will have a very serious objection to the enhancement of the duty on liquor. He would like it to be exempted. Unfortunately, he may not perhaps command the sympathies of a large section of the House, but still there can be no question as to the genuineness of my friend's objection. There may be similar objections to the exemption or favourable treatment of other items. It is not that I am opposed to the exemption of any particular item, if it were feasible. And here I would deprecate any suggestion that any of us has a monopoly of zeal for the poor man's interest or the rich man's interest. We have to consider the question entirely on its merits. Now, the practical difficulty that I foresee in suggestions to remove this item or that item is that, once you begin to let in exceptions, there may be so many persons interested in the exceptions that the exceptions will eat away a considerable portion of the addition to the revenue which we expect. That, Sir, is one of my objections to cutting out particular items. And another objection is that, even if we should be agreed upon the items which should be taken out, it might be found that we shall take away a good slice from the increment to the revenue which we may expect and we shall be driven again to the necessity of looking for a fresh source of additional revenue. The suggestion which I put forward for a surcharge of one anna in the rupee has the advantage of being free from this difficulty, and it is a clean, straightforward, simple solution. Like the Government proposal for an increase on the duty on salt, it may claim the merit of simplicity.

Now, these are to my mind the objection to the removal of particular items. I may perhaps refer to one or two other points in connection with this suggestion. Some of my friends are keen that the excise duty should be exempted from the operation of any proposal for taxation. Here again, my view is that any proposal to mix up protective considerations in the determination of what would otherwise be a clean fiscal issue is undesirable. Not that I am opposed to protection. But, instead of the discussion proceeding on purely fiscal considerations, it is liable to be confused and obscured by considerations of a different character which might more properly be urged at a different time and, having regard to the machinery now promised, before other bodies. These are the reasons why it seems to me preferable to go in for a single straight solution. It may be said that this proposal of a surcharge of one anna in the rupee is a heavy addition. Now, a surcharge of one anna in the rupee is proposed not *ad valorem* but upon the duty which would be levied. That, of course, would have the effect of raising prices not by 1-16 of their value but by a much smaller amount. Having regard to all these various considerations, it seems to me that this is a proposal which is perhaps most likely to solve this question of how to balance the budget. If, on the other hand, we adopt some other proposal for a lower standard of enhancement, we shall again be introducing the consideration of further ways and means for the purpose of balancing the budget. It may be said that, even according to this suggestion of mine, it would yield only Rs. 2,80,000, and there would still be a balance. Now one proposal which has been put forward by my Honourable friend, Dr. Gour, and by certain others, is that the amount of salt duty which has been collected in anticipation need not be refunded, though we object to the salt duty. That proposal seems to merit consideration. That will perhaps bring in about 30 lakhs; and for the rest I think we can trust to the wits of the Finance Minister to find some means of bridging over the small gap.

Under these circumstances, I think that it would be not wise of the Assembly to leave the deficit uncovered and that, on the other hand, we must endeavour to cover it at least in very great part. What exactly will eventually commend itself to the general sense of the House I am not in a position to say. Nor am I to be understood as committing myself definitely to this suggestion, though I think there is a great deal to be said for it. And I therefore commend this suggestion to the House.

Dr. H. S. Gour (Nagpur Division: Non-Muhammadan): Sir, I desire to make a few general observations on the Bill now submitted to the House for consideration. I do not wish, Sir, to repeat what has been repeated on the floor of this House *ad nauseam* that the heavy deficits of the Budgets of the last two years are due to military expenditure. I only wish to point out to the House that the suspicion which we then had in our mind that the military policy of the Government of India was dictated from outside has received confirmation in the telegram reporting the discussions in the House of Commons. I quote from Reuter's telegrams:

"The War Office was unable to agree with the Government of India regarding the latter's proposal for reductions in the number of units but the War Office was discussing the possible saving by cutting down establishments."

Now mark the next sentence :

"It must be remembered that the British regiments in India embrace part of the reserve and any reductions must necessarily affect their power of mobilisation. If the War Office agreed to the Government of India's making excessive decreases it would eventually mean further cost being thrown on the British Budget for making up the reserve in other ways."

We have been impressing, Sir, upon this House that the military policy of the Government of India was being dictated from outside. We are to-day presented with this spectacle of the British battalions marching on the prostrate form of the Government of India. The Army in India is an Imperial reserve for which the people of this country are made to pay. The Colonies refuse to pay for it ; the British tax-payers refuse to pay for it, and therefore, the Army in England is sent out to this country to be paid for by the people of this country for external Imperial purposes. That is the situation. How far this House will keep on financing from year to year this insatiable Moloch of military expenditure can only be answered not by His Excellency the Commander-in-Chief nor by the Government of India but by the War Office and the Imperial Cabinet responsible for the defence of the British Empire. This, I submit, is a situation of abject helplessness not on the part of the Members of this House only but on the part of the distinguished occupants of the Treasury Benches. His Excellency the Commander-in-Chief, the Government of India, and the military advisers of the Government of India recommended a reduction, as we now see from the papers, but the War Office have vetoed it.

The Honourable the Home Member tells us that it is incorrect. Last year, he will not forget, I asked for the publication of the correspondence between the Government of India and the Secretary of State on this subject. Was that correspondence published ? I ask the Honourable the Home Member to publish those despatches—the correspondence between the Government of India and the Secretary of State.

I repeat it, Sir, that this is an old controversy in which the Government of India and the Secretary of State for the last two years have been fighting for the reduction of the military troops in this country, and they have repeatedly been over-ruled by the Secretary of State. Does the Honourable the Home Member deny that statement ?

I understand the Honourable Member as well as he understands me. We are both trained in the same school. I do not wish to pursue this question any further. I only wish to repeat what I have been repeating during the last two years that the military policy of the Government of India is being dictated by the War Office and the Government of India are as helpless in the matter as we ourselves. That is all to the credit of the Government of India, and whatever may be the result, we are obliged to His Excellency the Commander-in-Chief and the Government of India for fighting for the cause of India and fighting for economy in the military administration of this country, and we hope that with our support their just cause will triumph.

Now, Sir, we pass on to another subject. Much though we object to this military burden, helpless though we are in combating it, what should be our position regarding the Finance Bill ? Are we to do, as has sometimes been suggested that we should withdraw all our assistance and leave the

Government to such devices as they may resolve upon? (*A Voice*: "Who suggested that?") I am glad to hear one Honourable Member saying who suggested it. Now, my Honourable friend Sir Sivaswamy Aiyer said that that is a suggestion—I do not say it is a suggestion made by any one in particular but that is a suggestion. Well, Sir, so far as we are concerned, we and the Government of India are at one on this point that we cannot for the credit of this country allow this uncovered deficit.

Now then, the next question and a question of very great moment that arises in this connection is how to cover the deficit. We have already impressed upon the Government of India the desirability of making further retrenchments, but then we cannot count upon them. We must take the budget as it is presented to us and upon the happy contingency of the Government of India making further retrenchments in expenditure we cannot ignore the deficit that lies in front of us. We must provide against it. Additional taxation is therefore inevitable and the alternatives that we are confronted with are either the salt tax or some other tax. So far as salt tax is concerned, I voice the sentiments of the Honourable Sir Sivaswamy Aiyer that we on this side of the House are unanimously opposed to it. The only concession we are prepared to make is that the tax already collected (*Cries of "No, no."*)—that is a concession (*A Voice*: "Who is making?")—the only concession that is possible in the circumstances (*A Voice*: "Most unjust") is that the tax collected may not be refunded to those who paid it. (*Voices*: "No.") But that would not solve the difficulty. At the very most the Government will make something like 35 lakhs of rupees. We have still to explore other avenues of taxation and I would add to the three mentioned by Sir Sivaswamy Aiyer a fourth one, namely, an import duty on iron and steel. I suggest that there is a very good reason why we should levy an import duty on iron and steel. (*A Voice*: "And tax industries.") The importation of iron and steel is prejudicially affecting the only pioneer industry that exists in this country and which the Fiscal Commission recommended should be supported at all costs. The European manufacturers of iron and steel are passing through a severe financial crisis and they are dumping their goods upon the soil of India at and below cost price, the effect of it being to extinguish this rising national industry in the country. An import duty on iron and steel would be in keeping with the declared policy of the Government. It will give us money and also serve incidentally to protect this struggling industry. I do not know how much it will bring us. I am told that it will bring us about Rs. 80 lakhs of rupees at 20 per cent. We have then to find about Rs. 268 lakhs. Of the three suggestions made by my Honourable friend Sir Sivaswamy Aiyer a surcharge on customs commends itself to me (*Cries of "No, no" and "Hear, hear"*), and I submit, Sir, it is the least objectionable of all taxes. I strongly deprecate a surcharge on income-tax and submit that any surcharge on income would not only be unpopular in the country but would saddle unjustly upon the people of this country a tax against which they are loudly complaining, and which as one Honourable Member says is already a heavy burden upon the tax-payer. I therefore suggest, Sir, that, the only solution that is possible in the circumstances is a surcharge on customs (*Voices*: "No, no.") and an import duty on iron and steel. (*A Voice*: "What about silver?") One more word and I have done.

to caution the Honourable the Finance Member and the Government of India that this last action of ours must not be regarded as a precedent. The Government of India have been budgeting for deficits during the last three years and I say, Sir, that this shall positively be the last year when the Government of India will come before this House and ask for further taxation to redress the financial equilibrium.

His Excellency the Commander-in-Chief : I should like at once to answer what the last speaker has said and the quotation that he has made from a Reuter's telegram which he read out to the House. The statement that has been reported as having been made in the House of Commons does not agree with the information in our possession and we are ascertaining whether this message as reported is correct. We have every reason to believe that the reduction in British troops which has been put forward by the Government of India and agreed to by me and which gives the pecuniary saving we are counting on will in the end be agreed to by His Majesty's Government. The question of the form which these reductions will take is still under consideration but His Majesty's Government have not signified that they are in any disagreement with the amount of reductions that are proposed and it is after all the amount which affects us here in the discussion on the Budget. I want to make that quite clear. There are certain reciprocal arrangements which, as the House will understand, exist in a big organisation like an Army, which is enlisted in one country and is employed in another, and in which the Cardwell system of one unit abroad and one at Home is a basic principle. A reduction such as that which we have proposed affects the whole machinery for the production of recruits and of training of men in England itself. Therefore as the one hangs upon the other, and as a settlement cannot be reached in a moment we are still considering with the Imperial Government what actual form the reductions themselves shall take.

Captain E. V. Sassoon (Bombay Millowners Association : Indian Commerce) : We have to consider in this Finance Bill the methods for obtaining funds to meet the deficit as originally put forward in the Finance Member's Budget speech and modified to the extent of the concession made by the Honourable the Commerce Member. I should like here to express my appreciation which I think will be shared by a number of members as to the extremely pleasant way in which we have been met by the Commerce Member on Railway questions. He has, I feel, tried to meet us in every way he has found possible even though he may have felt that he was sacrificing his better judgment to some extent. I feel that he has tried to associate us with this task and I personally appreciate the fact that our efforts or suggestions should have been taken so seriously and that they should to some extent have been given effect to. I think possibly the reason why the majority of this House followed him on the point of the capital expenditure on the railways was because after he had assured us that he would look into the matter and would not spend more than was necessary we felt that we could trust him to carry out our wishes. Now, Sir, this attitude forms a rather sharp contrast with that of the Finance Department under the Finance Member. It may be that I have misunderstood the intentions of the Finance Member but I must say that I found no apparent desire on his part to meet the wishes of the House or its suggestions in any direction. It appeared to me that the Finance

Member rejoicing as he does in the education of the British Treasury considers he knows a great deal more of such matters than some of us do. I put this forward because I wish any misunderstanding to be put right. I think some of us feel, if I am allowed to say so, that the Finance Member has taken up an attitude something like this: "You may think so, but I don't and that settles the question." If we take the printed sheet that we have in front of us, which represents the last statement made on Saturday before we adjourned, you will notice that of the cuts that were made by this Assembly one cut has been restored by the Governor General in Council and as to the other cuts, these apparently are not restored by the Governor General in Council but there is merely a statement made that it is considered that an allowance, which amounts to the amount of these cuts less Rs. 10,000, travelling allowance of the Members, should be made by a supplementary grant. In other words, if I am not very much mistaken in my reading of this paper, this House has been informed that because the Government or the department concerned does not consider that these cuts are possible, *ipso facto* they should be restored without any statement to the House as to whether the wishes of the House are to be in any way met and without the Governor General in Council being asked to restore these cuts. As far as one of the items is concerned, No. 6, regarding the Public Services Commission, I am one of those who think that the Government would have a strong case in asking the Governor General in Council to restore it, for the reason that it is not in the province of the Government of India to decide whether this Public Services Commission should come out or not and therefore I am one of those who did not consider it fair for us to blame them and to remove funds from them for an action for which they could in no way be held responsible. But what about the other points? The Government may have thought that our cuts were severe but the Government is responsible for the administration and I think that they should either have asked the Governor General in Council to restore them or that they should have at any rate shown some desire to carry out our wishes. It may be that it is chiefly a question of phraseology. It may be that they should have told us that they would do their best but they might have to come to us again. But as it is I for one do not think that it is treating this House with consideration if we are told "We do not think this cut is justified, so we do not propose to take any notice of the action of the Assembly." Sir, in my opinion the powers of the Governor General in Council are quite necessary powers considering the newness of our constitution. But I think, Sir, they should be powers that should be kept in reserve and not used lightly. I look on the powers of the Governor General in Council in the same way as I look on the sword that is carried by His Excellency the Commander-in-Chief. Should His Excellency ever be attacked, I feel certain that he would give a very good account of himself with the help of his sword. But I doubt very seriously whether His Excellency the Commander-in-Chief considers it necessary to draw his sword every time he may want to sharpen a pencil or may wish to use a tooth-pick. I suggest, Sir, that the powers of the Governor General in Council should therefore be restricted to those occasions when it could honestly be said that the business of the Government and the administration could not be carried on owing to the vote of this House. Now, Sir, let us take the particular item that

has been restored. The Finance Member admitted to us that there might be arguments in favour of this particular crore and 30 lakhs being taken as capital, but his argument was that as this had not been put to capital in the first place therefore he considered it inadvisable to transfer it now. But suppose the Government had met us in this respect, could it be said that the whole fabric of the administration of Government in India would rock? That, supposing this item had been taken from expenditure and put to capital, the Government could not go on with its work? The Honourable the Finance Member may have thought it inadvisable, he may have considered that the fact that this item which might be considered capital was originally put to expenditure might be misunderstood elsewhere and for that reason it was advisable to leave it where it was. But as this House, having considered his argument, gave its unmistakeable view that it did not agree with it, I think this was a case where the Honourable the Finance Member might have used his discretion and have met us. I quite realize this was a non-votable item. I quite realize that the Honourable the Finance Member was entirely within his rights to say, "I will not consider this point, this cut that you have made in respect of a non-votable item: I will take it in its narrowest sense and therefore I will have it restored." I admit that, but I do think this was a case where the Honourable Member might have looked at the question from a broader aspect and have tried to meet us in some way. I do feel that the Honourable Member has not given signs of any desire to meet this House in any way as regards this matter. And now, Sir, we shall be asked by the Honourable Member to vote for an increase of the salt tax to meet this deficit: a deficit which some of us do not consider represents a true deficit. Some of us consider that if the accounts had been kept in another way, in a way which we consider justifiable even though it may not agree with the pre-conceived ideas of the Honourable the Finance Member, there would not be so large a deficit and this small deficit could have been met in another way than that proposed by the Honourable the Finance Member. Now, Sir, one of the charges that is made against this Assembly is that the Members of this Assembly do not represent the people of India. That is a charge that is thrown at us not only here but is thrown at us at Home. I venture to say that, as far as the proposed salt tax is concerned, we do represent the large majority of the people of India whether individuals with votes or without votes. I therefore say that if the Government on the advice of the Finance Member chooses to overrule any vote against the salt tax that may be given, they will have no excuse for stating that the vote was made in defiance of the wishes of the large majority of the people of India.

Now, Sir, there is another point on which I feel deeply. If the policy which I have seen working, the policy of the Government of India as we have seen it carried out by the Leader of the House, by the Commerce Member, and by, the other day, the Postmaster General in his explanation of his items, the policy of associating us with them, of not only asking us for our views but trying to put any views of ours into effect, if that policy is not to be gone on with, if we are to find ourselves faced with a policy which is "here are our views; we consider that only these views are right; it may be that we are not entirely correct in every detail but we propose that these views should be passed by the House *in toto* and if they are not passed by the House we

shall ask the Governor General in Council to use his powers to put back every comma and every fullstop that may have been taken out." I venture to say that if that new policy which I hope is not really the new policy, of the Government and which I hope is due merely to my misunderstanding of the situation, if that is to be the new policy, I for one venture to say that my own activities here do not appear to justify the sacrifices that I have to make in not looking after my own affairs. I make a present to the Honourable the Finance Member of the obvious retort that this Assembly has got on very well without me in the past and will probably be able to do so in the future. I should welcome that retort. It would enable me to go to my supporters in my constituency and suggest that as I was doing no good here I might be allowed to look after my own business. If we are merely to record our assent to the proposals of the Government, there are probably a large number of other Members who could use their intelligence and their activities better elsewhere. It might be advisable and suitable for us to send the peons from our offices to take our places with instructions to cry "aye, aye" to every demand of the Government. That would no doubt be very satisfactory to Members of the Government; it would be equally satisfactory to our peons who would draw our allowances: the only people who would not be satisfied would be the negligible 250 millions of tax-payers in the country. Sir, I have put this point of view very strongly. I have put it forward perhaps more strongly than some people may think justifiable. (*Cries of "No, no."*) If I have done so I have done it on purpose, because I consider that the moment has come when we should definitely hear whether the policy that has so far been carried out, whether the treatment that we have been receiving, is to continue or whether there is going to be a change. Therefore, Sir, I beg the Leader of the House, with all the emphasis at my command, to pause before accepting this new policy, if there is a new policy, of the Finance Member, who with the face of a cherub and the methods of a tank, is more successfully, more expeditiously and more surely wrecking the Reforms than the most enthusiastic, the most optimistic extremist in his wildest hopes could have ever imagined possible.

Rao Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): Sir, much as I wished to desist from taking part in this general discussion, the remarks of the last speaker have called me on my feet. I do not wish to follow the example of assuming the role of a monitor either to individuals or to the Assembly, or to speak on behalf of Madras, which, Sir, is rather hydra-headed and it is very difficult for anybody to say that he represents Madras.

Sir, I do not recognise that this Assembly is responsible to make up the deficit which the Government of India think there ought to be. I quite realise that as far as possible this Assembly should try to balance the Budget, namely, the Budget it has framed and not the Budget which somebody else has framed, however responsible he may be. Sir, if the Honourable Mr. Moir thinks that Madras will welcome a balanced Budget by the imposition of a salt duty, then he is very much mistaken.

I deny the authority of those Honourable gentlemen in whose name my Honourable friend speaks. I know Madras much better than Mr. Moir does. Sir, I can speak in the name of Madras. I said I would not be tempted

into any such path. Sir, I may say that the people whom I know and they are a vast community would not relish any balanced Budget with the salt tax imposed. Sir, Madras officials—honoured names there have been, may I quote the name of Mr. Gibson for the recollection of Mr. Moir—Madras officials have always stood against the imposition of the salt tax. They know the value of salt to the agricultural population of that Presidency, and it is idle to pretend that Madras will welcome an enhanced salt duty simply because they want a balanced Budget. Sir, as I take the figures, the original deficit was for 4.26 crores according to the Budget presented by the Government, and according to the Budget passed by us in this Assembly the deficit comes to 2.50 crores. Now the question is whether that deficit may not further be reduced by practising economies on the part of Government. My Honourable friend Sir Sivaswamy Aiyer has already referred to various items in which economy can be practised and I am sure will be practised by the Government of India; because they are as keen on economy as we are, and that we fully recognise. I take it therefore that the duty of this Assembly will be to find two crores and no more. For that, Sir, there are suggestions and suggestions; and when these suggestions come to be considered I am sure the House will express its opinion one way or the other. Sir, I may point out that the Government of India in this time of stress and difficulty propose to abandon a source of revenue; they propose to abandon 25 lakhs of existing revenue, viz., the export duty on hides and skins. Sir, I do not see any justification for this; they have not told us a single reason why this existing source of revenue should be abandoned. If it is retained, the deficit is reduced to Rs. 1.75 crores. Then, Sir, I have a proposal to make, to impose a surcharge on customs duties on goods other than those which are consumed by the poor, such as piece-goods, matches, sugar and yarn; these four things being exempted, you can impose a surcharge on other goods, of either six pies or one anna in the rupee; if you put it at six pies, it will give you about 80 or 75 lakhs; if you put it at an anna, you will get more than a crore. These two items alone, without pressing on the poor, may meet the deficit. Therefore I do not know why the Government of India have got into this wanton conflict with the people of this country and with this House. After the emphatic vote of this House by more than double the number even after the most able advocacy of the salt tax, this House and both the European and the Indian world in India protested against the enhancement of the salt duty, and yet, Sir, the present Government are now provoking a wanton conflict with the people and with this House. I deprecate most strongly this attitude on the part of the Government of India. It is an attitude which they should not adopt in their own interests. It is all very well to say this is not much of a burden. If you rule, Sir, that I cannot speak about it now, I shall speak on it later on when my amendment comes. Therefore, Sir, I say there are other sources which will be less irksome and which will not be so unjust as the proposed source to which Government look. While I agree, therefore, that we must try to help the balancing of the budget, we look at it from the point of view of the budget which we have framed, and not that the Government of India have framed, and we propose to assist them in that way. Sir, these are the general remarks that I wish to make on the proposals.

The Honourable Sir Basil Blackett : Sir, before I proceed to adopt the attitude of that horrible animal which defends itself when attacked, I want first to correct to a certain extent the statement which was circulated this morning. This statement represents the figures that were reached Saturday afternoon. In announcing those figures I had to state in regard to the item of Rs. 3 lakhs under the head "Miscellaneous" that the Governor General in Council had not had time to consider what action he would have to take in view of the fact that the House by a majority of one vote had declined to provide the money. I am now charged to inform the House that in the opinion of the Governor General in Council this provision is essential to the discharge of his responsibility. That does not in itself alter the figures on this sheet, but it alters the form. There are also two further alterations which I ought to make. The reduction under the head "Stamps" was one lakh and not 100 lakhs—not a very important point—and in giving the figures here, the fifty lakhs cut in railway expenditure was treated as a reduction in expenditure. When dealing with net figures it ought to appear as an increase of our net revenue. I will have the figures re-circulated, but it may be of convenience to the House if I give them now. The estimates of expenditure including 9 lakhs which we regard as a necessary provision for supplementary grants now amount to 133 crores 88 lakhs 81 thousand and 999 rupees. The estimates of revenue are 130 crores 19 lakhs 98 thousand rupees, making the deficit on that basis 3 crores 68 lakhs 83 thousand 999 rupees, or for rounding purposes I may say the deficit is 369 lakhs, it is very much nearer 369 than 368.

Well, Sir, the House has, I fear, regarded the attitude of the Government as very rigid and unyielding, and in particular they have traced that attitude to the attitude of the Finance Member. I am sorry that impression should be created, and I have no doubt that I am personally partly responsible. I am new to parliamentary life in this country. I am not apologising for the substance of what I have done, but if I have offended in any way in my manner. . . .

Well, if it is the substance that is objected to, and not the manner, I plead entirely guilty to the charge.

Now, what is our position? We are all agreed that it is of the greatest importance to India that the Budget should be balanced. Nothing was really more evident during the general discussions on the budget debate than the complete unanimity that we must balance our budget, there was even more unanimity on that than there was that the House disliked the salt tax. I think we are all still agreed that the budget must be balanced. Now I say that the balance must be a real one. I have heard it said to-day that the attitude of the Government was wrecking the reforms. I ask the House what, if anything, is endangering the reforms? I say it is the continued deficits everywhere; it is the deficits, the financial difficulty that India has been up against that has made the passage of the reforms through this period of transition much more difficult than it otherwise would have been. If it had not been for these continued deficits both in the Central Government as well as in the Provincial Governments which have been threatening the reforms, it would have been much more easy for this period to have been passed through. If it had not been for these continued deficits

Created, I think, very largely by the state of unrest throughout the world; I do not think it is proper to blame anybody in particular for the condition of affairs which after all is general to the whole world. In every country in the world there has been enormous difficulty since the war in arriving at balanced budgets; a balance has only been achieved where it has been achieved by heavy increases in taxation and heavy reductions in expenditure, the two going together. Now what is our object in balancing the budget? It is that we may start a new era, and that we may try to help on for the benefit of India nation-building schemes, schemes for the development of industrial progress in India, education, and so on. And we want to improve the credit of India. Now, is our credit improved by—I don't want to use a hard word—an alteration of our accounts which leaves us in exactly the same position as before but shows an apparent surplus simply by altering the accounts though we end up the year in exactly the same position as if we had not altered the accounts? Our unproductive debts increase by exactly the same amount as if we had a deficit. I state quite confidently that, if the choice was really between an uncovered deficit and an action which even gave the appearance that India was trying to cover up her tracks so as to make a deficit appear as a surplus, we should do far better boldly to budget for a deficit and say that this year we have not been able to balance our budget.

Captain Sassoon complained that the Government had not accepted the unmistakable view of the House that certain charges which are non-votable should be transferred from revenue to capital. Well, now, without entering into that particular question, without mentioning that it was stated and had to be stated in advance that the Government of India could not support such a recommendation and that, even if they did, it would probably not be accepted by the final authority, I join issue with the word "unmistakable." If the House will just remember what happened on that vote, they will, I think, agree that the view taken was mistakable. Half the Members who voted for it—I do not know the numbers but quite a number of persons who voted for the Resolution stated definitely they disagreed entirely with the suggestion that this should be transferred from revenue to capital. (*Honourable Members*: "Only two.") Only two spoke, but I am quite sure that, judging by the division which took place on a later amendment—a somewhat similar question which was supported on the same authority, half the House said that they did not believe in this attempt to cover up our tracks, but that they thought that the Government could make a further reduction in their actual expenditure and for that reason they voted for it. Now, if the Government for a moment thought that there was the slightest possibility of making that further reduction, it would have gladly agreed to do so. Here, I may say that this year, I think, we have been suffering a little from the precedents created last year. The position is not really the same as it was last year. The Government has produced estimates which I have already told the House more than once are based, in our sober opinion, on a rather more hopeful view of what the minimum expenditure will be for this year than we can quite honestly say we hold. If I were asked to put my hand on my heart and say that our expenditure will not, without any special intervention of adverse circumstances, exceed the expenditure which I have to-day given to the House, I should have honestly to say that

I was very doubtful. We will do our best. I am sure the Government has given some earnest of its good intentions, and these estimates are framed on the basis of the acceptance of the Report of the Inchcape Committee in full, subject to lag.

Now there are quite a number of items on which this House has expressed more or less clearly its view that the Inchcape Committee cuts ought not to be accepted. I do not say that at the end of the year it will be found that we have exceeded the estimate of expenditure which we have put forward now. It will be my duty and also my endeavour throughout the year to see that that does not happen. But leaving aside questions of appropriation, I stand here to try and present to the House my estimate of what is the minimum expenditure that we are required to cover during the year, and I cannot honestly say—and I think the House agrees that we have done our best—I cannot honestly say that there is any probability of its being less than the figure we have put here. My Honourable friend Sir Sivaswamy Aiyer has made certain suggestions about the expenditure on the Army. I was very sorry that he was under the misapprehension that he was out of order, because I should have liked to have heard more suggestions. We are very anxious to economise everywhere and I think I can say for His Excellency the Commander-in-Chief that he is particularly anxious to have useful suggestions for economy, for that will give him money which can be spent on things which he really desires to spend on.

In view of the financial position of India he has had to cut down his expenditure to the bone and if anybody can show him cases where he is wasting money, he certainly would be extremely glad, I believe, to go halves with me. We have made a very severe cut.

I regret I did not catch the Honourable Member. I believe it related to something that we have done or not done since last year. As I said in introducing the Budget, we made some considerable economies on the ordinary items of Army expenditure last year with the result that though special charges like Waziristan and demobilisation charges exceeded considerably the estimates, we actually kept within our total estimate figures in respect of the Army as a result of earnest efforts at retrenchment. Some Honourable Members were disappointed that we did not adopt the temporary expedients for transfer to capital which they put forward. The reason why we did not do so was—I have already given it in general—that it is absolutely necessary that when you have had a deficit for 5 years, your first surplus that you show should be a real surplus and it should not be subject to any possible criticism of having been obtained by unsound expedients or manipulation. You can take your accounts and transfer items from revenue to capital and capital to revenue and improve your accounts with great advantage to sound thinking in every way. But you must not do it for the purpose of turning a deficit into a surplus. I think that all these things should be looked into, though as I have said I am afraid the result would be, if we did it too closely this year, slightly to increase our deficit, but that is another matter. Let us accept the accounts as they stand and show a surplus and then you will improve your credit and get the advantage of what you are really setting out to do.

I turn now to another point. I have heard some of my Honourable friends more than once in the course of the last ten days talk about the temporary financial stringency, and these temporary difficulties we are in. I wish I could say that I believe that these are necessarily temporary. But can we honestly say so?

The military expenditure has been cut down this year from Rs. 67½ crores to Rs. 62 crores.

The figure given by the Inchcape Committee is Rs. 57½ crores. (*A Voice* : "Without altering the policy.") On the contrary, after making considerable reductions in the number of the troops, British and Indian. (*A Voice* : "You cannot change your policy.") I beg the Honourable Member's pardon. These estimates are framed on the assumption that the reductions agreed to by His Excellency the Commander-in-Chief and agreed to in principle at Home are carried out.

I was just coming to that point. It is perfectly true that there are non-recurrent items of expenditure in the Army estimates and I shall be disappointed—I will not put it higher than that at the moment—I shall be much disappointed if the Army estimates are as high as 62 crores next year, but there are a good many other considerations besides the fact of these non-recurrent items in Waziristan. There will be certain terminal charges—if there is no lag there will be terminal charges of rather heavy amounts I am afraid to meet in 1924-25. Over two crores of the reduction this year is purely a non-recurrent reduction, it is a reduction in stores. By living on existing stores we are able not to buy new ones so as to reduce our total reserve—a most important reduction of extreme value, but it does not enable you to look forward to recurrent reduction next year. When you have worked your reserves down to your minimum you have to go on replacing. So far from being a recurrent saving that is non-recurrent saving which will have to be made good next year. Now, there is another item in our estimates to which to some extent the same considerations apply. The three crores of our reduction in Railway expenditure this year is a reduction of programme revenue. I do not want to go into the point, but obviously that is a postponement of expenditure—I do not want to beg the word by saying necessary—it is a postponement of expenditure which has to be made good if our Railways are to earn us interest. We cannot live on that sort of thing.

Then, as we stand, we have got a deficit of Rs. 3½ crores uncovered. Have you any real hope, real certainty that next year without any increase of taxation that could be covered? I do not say there is no hope, but is there any certainty? We have had two good monsoons and on the law of averages can we really expect two more or one more this year? People talk glibly about revival in trade. There has been an improvement in trade, but there can be no permanent, long-enduring improvement in trade while the French are in the Ruhr, while the whole of continental Europe is in the state in which it is, while our customers are unable to take our goods. There is no certainty of a surplus next year on the existing basis of taxation and I am afraid I must add there is a probability of a deficit unless we cover it by additional taxation this year. That is where the great merit of the Government's proposal comes in on financial grounds. The proposal would bring in 4½ crores of additional

revenue this year covering our deficit and leaving us a small surplus for contingencies. A year after it would add six crores to our revenue—an addition of $1\frac{1}{2}$ crores. That is a very important point, because with that duty imposed we shall be next year in a position in which I am prepared to say in the absence of very adverse circumstances the recurrence of a deficit is most unlikely. On the contrary there is every probability—given a few favourable turns of Fortune's wheel—that we may have quite an appreciable surplus, to do what we want to do with our surpluses. I shall come to what we want to do in a moment. But before I go on to that I want just to deal with some of the various suggestions that have been made for alternatives. As my friend from Madras said just now, the fact about all these alternatives is that they seem to secure no more unanimity than the salt tax. If the Government and a certain number of Members are opposed to the refusal of the salt tax, there is so far as I can see a complete absence of any kind of unanimity among Members of this House as to any substitute. What are the substitutes that have been suggested? I take for this purpose the order paper containing the amendments so that I may deal with some of them. I do not think that any suggestions have been made to-day which were not put forward before. I will take the duty on silver for which my friend, Sir Montagu Webb, holds a brief. This proposal has been put forward in each of the last two years and after discussion it was not agreed to. I do not mean that it has been voted against, I am not sure of the facts. I believe it was voted against one year. The difficulty about the duty on silver is that, first of all it is most undesirable to have a duty on the precious metals which come in and go out and thereby play a most important part in balancing imports and exports and exchange. A duty on precious metals is open to enormous theoretical difficulties. But I do not want to delay the House with them, if they agree, as I think they do, that it is a fact. The next difficulty is, although it is quite true we had a duty on silver some time, it did not contain any provision for a rebate on export. It is really, we are convinced, out of the question to introduce a duty on silver now without giving a rebate on export. Otherwise we shall play havoc with our exchange position. Silver must be able to go out freely to balance the position when the exchange is temporarily against us and we are in need of that support. Assuming that to be the position the yield is extremely uncertain. I begin with the year 1916-17. I do not begin with that year for any reason except that it seems to be going far enough back. In that year I see there was a net export of 12 million ounces. With a duty of let us say an anna, we should have lost 12,000,000 annas net in that year. In 1918-19 there was a small import. In 1920 there was again a small import. In 1921 it was fairly large, 21 million ounces of net imports. In 1921-22 it was 61 million. We should have got a large revenue that year. In 1922-23, for the first ten months we have 61 millions. We should have got considerable amount here. But the mere fact that we have just had two years of large imports here means it is quite possible that if you impose a duty this year, we might find that it has brought a loss and not a gain. In any case the amount that we can count on its bringing in this next year would be very small. I do not think the House will wish me to spend more time on that. It has been put forward in one special quarter but it has not very strong support. Next I take the export duty on petrol. Here I should like to observe

that it is rather striking that among the suggestions that have been put forward export duties hold the foremost place. An export duty on petrol has been suggested. It has also been suggested that we should have an export duty on jute, and the export duty on hides and skins, which was our one small concession to the overburdened tax-payer, is opposed. I am reminded of the words of some one to-day, that income-tax is also a burden on the tax-payer. I was much interested to hear that. I wonder whether that is true of any other tax. The reason why the export duties are opposed is, I think, because it is rather difficult to see who the tax-payer is and on whom the burden falls. They sound popular in theory; they are dangerous things in practice as everybody knows and I think there was a general recommendation in the Fiscal Commission's report against export duties. Now, we have already had more than one debate on the question of an export duty on petrol. Opinions have differed but the Government are convinced that it would bring in a very small amount, nothing like the 70 lakhs which has been spoken of, while it would re-act very severely on the price, possibly, of petrol and certainly of kerosene in this country. If that is so, if it touched the price of kerosene, that would very quickly have an effect on the pocket of the very poor, much heavier than the salt tax, in spite of the fact that it would bring in much less than one-tenth of the sum expected from the other into the revenue.

I will leave my Honourable colleague the Member for Commerce to deal with the proposal not to reduce the export on hides and skins. That is a speciality. But obviously it is not really a question of covering our deficit or not however we deal with that. The reason that was put forward was the fact that it is regarded as essential in the interests of an existing export trade.

The import duty on iron and steel is the next suggestion. The House has just agreed that a Tariff Board ought to be set up. A Tariff Board is about to be set up and its first duty will be to look into the question of how to turn our unscientific revenue tariff with its protective results into the beginning of a protective tariff. Is this the moment to make a sudden change in your iron and steel position? (*A Voice*: "There is no difference of opinion.") I do not think there is any unanimity in this House on that subject. (*A Voice*: "For revenue purposes.") For revenue purposes! If it was imposed on all the railway material that was bought by the Government, it might bring in a considerable sum; but I do not think it would improve our net railway revenue. It is really a very complicated question, but for revenue purposes, a duty of the size that is suggested is out of the question; it is so obviously an important protective duty, protecting or otherwise all the numerous industries that depend on iron and steel—it is obviously a thing you cannot jump into. The next and last suggestion is the one that has become associated with the name of Sir Gordon Fraser. It has rather lost some of its pristine virtue in the course of discussion in the House. It was originally a proposal for half an anna in the rupee on all receipts from customs, excise and income-tax,— $\frac{1}{32}$ surcharge on all those receipts. When it was first put forward, I stated at the time that it was a novel idea to me and it seemed to be worth consideration. Now as an expedient, it is one to which there are considerable objections, but if it was really part of a final settlement of the deficit, however objectionable it might be, provided it is limited to $\frac{1}{32}$, say 3 per cent., it is

worth consideration. But there is no unanimity in the House on that question ; but supposing that we agreed, how should the balance of the deficit be covered ? It would bring in 2 crores if it was imposed in full but I agree with my Honourable friend, Mr. Seshagiri Aiyar—I think it was he—that the objections to imposing it on cotton imports and cotton excise are very great. I have worked out the figures, and I come to the conclusion that if you impose it on the cotton imports and excise, whereas the whole of the proposal of Sir Gordon Fraser would bring in only 2 crores per annum as against the 6 crores in a full year which is obtainable from salt, it involves an additional expenditure of almost exactly the same number of annas per annum as the increase in the salt tax for a poor family. If you take a family, an average family of 4, and you impose a 3 per cent. duty on cotton piecegoods, you get something between 11 and 12 annas for a family per annum, which is the additional charge you are imposing on them by their share in this cotton and cotton excise duty, which is very much the same as salt.

Mr. Jammadas Dwarkadas : Sir, we discovered in the course of the evidence before the Fiscal Commission that not more than 15 per cent. of the population use imported cloth, imported goods.

The Honourable Sir Basil Blackett : There are two possible answers to that. I was talking of an increase both of the excise and customs, but I will say this that I do not think that the manufacturer here gets the whole benefit of the difference between the customs and the excise duty.

Mr. Jammadas Dwarkadas : I am very sorry to interrupt the Honourable Member. But if he relies on his own admission in the Financial Statement, he will find that a year of depression has set in, and the prices will be low, whether the price of foreign cloth is high or not.

The Honourable Sir Basil Blackett : Sir, I am not quite sure what my Honourable friend, Mr. Jammadas Dwarkadas, is driving at, but I think my statement holds that an increase even to the small extent of this sur-charge that is suggested, if it is imposed on the cotton excise and on the cotton customs, will have at least as harmful an effect on the budget of the very poor as the salt tax. (*Mr. Jammadas Dwarkadas :* "Cotton excise, yes.") I think that I need not argue it any further with my Honourable friend. If you begin to make exceptions, the most popular exception in this House seems to be the income-tax. You can cut out the income-tax. (*Voices :* "No, no.") I think the House wants to cut out the income-tax ; they want to make an exception to the proposal by cutting out the sur-charge on all income-tax. There is sufficient absence of unanimity in the House to justify me anyhow. That leaves you only the Customs. If you begin to make exceptions in the Customs and still retain it at only half an anna in the rupee, the maximum you would get from it is something under a anna. It is true it has been suggested that it should be increased to an anna in the rupee. What was a dangerous and undesirable expedient then becomes a thoroughly bad tax. The original suggestion was half an anna in the rupee but if you do more it means you are simply increasing your Customs duty and if you are going to do that, I think it is desirable that you should do so scientifically. I do not want to go arguing about the salt tax: I should be out of order if I did, and I have possibly been led a little further than I ought

to have been in dealing with that point. The position remains that the salt tax is the proposal put forward by the Government and it is thoroughly unpopular. I would like, however, to quote two remarks that I heard during the votes for Demand Grants. One, the House will remember, by my friend, Mr. Ginwala, was that the salt tax has been universally condemned not on economic but on political grounds. Then we have a rather pretty commentary on that statement coming from an Honourable Member from the Punjab: "If anything will help non-co-operation it is the income-tax department," he said. Are we not in the position that all taxation is unpopular and the Government has made one unpopular proposal. A large number of equally unpopular proposals have been put forward by the House. There is no kind of unanimity as to which one of them we should accept. (*An Honourable Member*: "Accept the suggestion of the majority.") Is there a majority for any good tax that would cover our deficits? (*Dr. H. S. Gour*: "Customs.") I really do not think Honourable Members can say there is. If that is so, we come back to the salt tax, which is what the Government have proposed. Now we have proposed this because we want a really balanced budget this year, and if we can get it, real surpluses in the years to come. The salt tax does give us hope of obtaining such a result. In the absence of very adverse circumstances we surely could hope on that basis that the budget for next year and the year after would certainly balance, and given a few favourable results among the possible contingencies, we ought to have a balance sufficient to begin to do some of the things we want to do. Honourable Members in this House have referred again and again to expenditure on education and public health and similar services. Who spends money on education and health and similar services? It is the Provincial Governments. If you want to improve the position of the nation-building departments (I must say I do not like the phrase), the way to do it is to improve the Provincial budgets.

Dr. H. S. Gour : Let them stew in their own juice.

The Honourable Sir Basil Blackett : If they stew in their own juice it seems to me the 'nation-building' departments will stew in their own juice also. The Government's policy is, as soon as it has a surplus, to make a beginning in the reduction of the Provincial contributions. That is the Government's policy and it means to follow that policy as soon as it has a surplus. Obviously if it is going to have a deficit this year from the action of the House, it is not getting much encouragement in its policy. If the House is really anxious to secure an expansion of the 'nation-building' services, let it take action which will improve the position of those Provincial budgets. I do not confine myself merely to the provincial budgets. We have had years of expanding taxation. We may not, with that liability to the provinces, be able to look forward at a very early date to the converse, namely, reduction of taxation, but among those taxes there are some that certainly want re-adjusting. We want to have money to consider the tax side of our Budget, not from the point of view of what we must have but a little bit from the point of view of whether this or that tax is damaging this or that interest. We want to begin to make a reduction in some of our taxes, and, to do that, we want a steady surplus of income. I appeal, therefore to the House, I appeal to every Member of it and to all who are interested in Education and Public

Health, to all who are interested in the development of the industrial life of the country, to come to the support of Government in this matter. I made an appeal, which was listened to in a way that encouraged me, at the time that I introduced the Budget, that we should all work together. As a matter of fact, we have all been working together but we have got rather dissipated, we have all got off a little bit to our own particular nostrums of doing it. Let us stick to this, that we must balance the budget, and we can balance the budget if we are prepared to make the sacrifice of voting for increased taxation if it is really necessary to do it. I do appeal to the House, let us come together and cover this deficit by our own efforts.

Sir P. S. Sivaswamy Aiyer : May I ask the Honourable Member whether the provision for maintenance of the fighting forces makes any allowance for the proposed reduction of the fighting units ?

The Honourable Sir Basil Blackett : It assumes that all the reductions that are proposed by the Retrenchment Committee and were agreed to by His Excellency the Commander-in-Chief will be put into force as soon as possible. I am not, I am afraid, sufficiently familiar with the details to answer this question beyond that, but it is on the assumption that the recommendations of the Retrenchment Committee are accepted in full that those estimates were framed.

Sir P. S. Sivaswamy Aiyer : May I know when it is expected to come into force ? I find that the provision for the maintenance of the fighting forces shows that the fighting forces are calculated at exactly the same strength as last year.

The Honourable Sir Basil Blackett : I think that our difficulty was that we were not able to show any other figures than the existing ones in the estimates, but it does not mean that no changes will take place during the year. I think the position really is this that, for this year, the lag and the terminal charges owing to the necessary postponement in effecting the reductions would balance the reductions that we are able to make during the course of the year. It is a method of showing the figures, but I do assure the House—and there is nothing hidden in what we have done—that we have prepared those figures on the basis that the whole of the Inchcape Committee's recommendations are put into force at the earliest possible moment.

Rao Bahadur T. Rangachariar : Sir, I am delighted, and I am sure the House is delighted that, by the timely warning given by the Honourable the Finance Member, the House and the country have been saved from a catastrophe which the last amendment threatened. Sir, the Government have opened their mouths wide in putting forward this motion to enhance the salt duty. There is a deficit of 3.68 crores and they put forward a proposal to raise a revenue of 6 crores by putting on an extra Rs. 1-4 in the way of salt duty. Sir, after listening to the remarks made by the Honourable the Finance Member yesterday, my mind was set thinking as to what really is at the back of the Government of India in this proposal. I am afraid, Sir, they want to stabilise the present rate of expenditure by this proposal. The Honourable the Finance Member refuses to look at the deficit of this year as a mere temporary phase. He has told us yesterday that he considers this will be a permanent deficit and what is the necessary implication therefrom ? That the

military expenditure should remain at or near 58 crores. Sir, His Excellency the Commander-in-Chief has already told us that he refuses to accept the recommendation of the Incheape Committee that the military expenditure should eventually be reduced to 50 crores. His Excellency has deliberately stated that to this Assembly, and this statement by the Honourable the Finance Member supports that statement made by His Excellency the Commander-in-Chief. The Honourable the Finance Member is confronted with this difficulty. He takes it that the permanent expenditure of India will be every year 130 crores; he wants the permanent revenue to remain at about 130 crores. That is why he wants the salt tax to be enhanced. The surcharge will be temporary; the salt tax will be permanent. That is the view which he has taken and that is the view this House is asked to endorse by a vote on this clause. I ask Honourable Members to remember that. If you will look back at the history of this duty, from the year 1888 to 1903 the Executive Government of this country, with whom this power vested of either enhancing it or reducing it, kept it at Rs. 2-8-0. In 1903 the Executive Government, without any pressure from the representatives of the people, themselves voluntarily reduced it to Rs. 2 and again they reduced it to Rs. 1-8-0. They again reduced it to Re. 1-0-0, and in times of dire need in the year 1916 they had the courage only to put it up by 4 annas. Sir, when a bureaucratic Government was running the Government of this country, without any vote of even a representative or an unrepresentative House, when the Executive Government could not summon courage to put on any extra salt duty, a representative House is called upon to enhance the duty by 100 per cent. Let us remember that when we give our votes in this matter. When the Executive Government themselves felt the injustice of piling up this salt duty, are you, a representative House, going to allow this enhancement? Sir, it has been said that the pressure which will be felt by the people by the enhancement of the salt duty will be very light and will be only 3 annas per head of the population. When people are spending money in liquors, in toddy and other things, when prices have gone up, and when wages have gone up, the salt duty has not gone up commensurately and therefore, they say, what is the harm in putting on this duty? May not the same argument be applied to any tax which you put on? We are eating so much rice, Sir. Every family spends much more on rice than they spend on salt. They spend much more on wheat than they spend on salt. So that, why not put on a tax on food? You have put on a tax on clothing. These are the two things which no civilised Government will ever venture to put a tax upon. They are the necessities of life. No politician, no economist will tell you that any country can put on a tax on food or clothing. Sir, this is a necessity for life—necessity for existence. The salt tax is in theory—it is not a mere political question which politicians want to take advantage of—it is in theory—I have the authority of the Honourable Mr. Innes last year—in theory it is unsound; in practice it works out unjustly. In practice it works out unjustly because the capacity to pay the tax becomes less and less as you go down the scale. Sir, I do not eat more salt than my servant. In fact, perhaps, I eat less. He uses more salt than I do. Therefore, whereas I can afford to spend 3 annas on myself my servant cannot afford to spend 3 annas without the burden being felt more largely by him than it bears upon me. So that, in theory it is unsound and

in practice it works out inequitably, and that is the reason why the Government of India, when they were responsible to the people without the intervention of a Legislature, felt the inequity of it, felt the injustice of it and they would not dare to enhance the duty. Sir, last year it was perfectly open to my Honourable friends on the Treasury Bench to have enhanced the duty without consulting this Assembly. There was no legislative prohibition against their enhancing it up to Rs. 3 a maund. They had the power in their hands. Why did they not do it? Why did they consult us? Why did they deliberately put it before us and desire a vote of this House on that matter? Sir, they wanted to avoid the odium of the curse of the 300 million people of this country. Sir, as has been stated in books on taxation, to tax the very poor at a shilling costs two shillings. But the ultimate cost cannot be measured. It goes deep down into the minds of these people and that is the surest method of making your Government unpopular. That is the surest method of making them say, "Here is a Government which will tax even our very necessities of life. What use is that Government to me if I cannot have my sprinkle of salt without paying for it?" That will be the attitude they will adopt. It is that which has weighed with the Government all along. We have been asked to look at it from a wrong point of view altogether. We are told that it is not going to be felt. Nothing is going to be felt. But remember this. It is the last straw that breaks the camel's back. We have already increased the cost of living on account of economic world conditions. We have already increased the cost of living by putting on these import duties. They have to pay for clothing, which is a necessity, much more than they have hitherto been paying for it. Where they were using—as the Honourable Sir Campbell Rhodes told us last year—18 yards before, they are now content with using 9 yards. I hope, I am quoting the figures correctly. (*A Voice*: "10 yards.") They are using 10 yards. That shows that if you put on the prices of these things, they stint themselves to the extent of the barest necessity. So also, if we increase the price of salt, they will be obliged to stint in the supply of salt to themselves and to the members of their families and to the poor cattle which they keep. It needs no argument to convince the House that that will be the necessary result. Once you make the salt cheap, there is more consumption. Once you make it dear, there is less consumption. That argues for itself. Therefore, I do not think I should take the time of the House much longer in arguing these matters. So that, my proposition is, let us have the existing duty. Let there be no more enhancement of this tax. We have already agreed to Rs. 1-4-0 and I am glad the Government have given the power to this Assembly to note upon this question and they have not ventured to impose it themselves. Therefore, my amendment is to substitute the figures Rs. 1-4-0 for the figures Rs. 2-8-0 which are proposed in the Bill. Sir, this will no doubt leave us with a deficit. What is after all a deficit? The deficit can be worked down in two ways. We have already made several suggestions to the Government as to how they may meet this deficit by further taxation on our part and how on their part they might bring down the deficit by practising more economy. Sir, the Inchcape Committee have not said the last word when they fixed the figure at 19 crores. Page after page they have said, "This matter requires investigation; that matter requires investigation" and they have referred to various matters

under every head. When are you going to investigate these? Are you going to investigate these conditions or not with a view to effecting economy? If you do, you will be effecting further economy and you need not be afraid.

Mr. President : Order, order. I do not think I will allow salt to include the Inchcape Committee.

Rao Bahadur T. Rangachariar : I beg your pardon, Sir. This deficit need not stagger us at all. After all, the country's credit did not suffer when we had Rs. 20 crores of deficit one year. The country's credit did not suffer when we had Rs. 9 crores of deficit in another year. And surely, we are not going to be staggered by the statement made by the Honourable the Finance Member that because we are leaving a deficit of Rs. 3 crores, the credit is always to suffer subsequently.

I move :

"In clause 2 (1) that the word and figures Rs. 1-4-0 be substituted for the word and figures Rs. 2-8-0.

The Honourable Mr. C. A. Innès (Commerce and Industries Member) : Sir, my Honourable friend Mr. Rangachariar is a difficult man to follow. I do not mind his eloquence. I know this Assembly well enough. It is a true democratic Assembly and mere eloquence makes very little impression upon it. What does count with this Assembly is sincerity and what makes Mr. Rangachariar a difficult man to follow is that he uses his eloquence to reinforce convictions which he feels most sincerely. But, Sir, let me ask Mr. Rangachariar and let me ask this House to give us on this side of the House credit for equal sincerity. Mr. Rangachariar yesterday said that in putting forward this proposal to enhance the duty on salt the Government had wantonly provoked a collision with the House. Sir, I do not think that Mr. Rangachariar should have made that remark. We on the Government side have tried to work with this House for the last three years and I am not aware that there was anything in our record which authorised or justified Mr. Rangachariar to make so serious a charge against the Government. (*A Voice :* "Certification.") (*Mr. Rangachariar :* "With respect to this proposal.") It is perfectly true that last year we put this proposal before the House. It is perfectly true that the House rejected that proposal by a large majority. We were perfectly well aware of that fact and if we have again put the proposal before the House, the House may rest assured that we have done so with the fullest sense of responsibility.

It is common ground with all of us that we must balance the budget. Whatever Mr. Rangachariar may have said in his speech this morning, I think that the outstanding feature of our debates and our discussions yesterday was the unanimity in all quarters of the House that India cannot afford again to go before the world with a deficit budget. (*A Voice :* "Real deficit.") Sir Basil Blackett laid special stress upon that fact in his budget speech, and until Mr. Rangachariar made his remark a few minutes ago I have not heard the soundness of Sir Basil Blackett's proposition challenged anywhere in the House and I think, Sir, that it is a tribute to the Assembly's sense of financial responsibility. As I have said, it is common ground with all of us that we

must balance the budget. That was the axiom, that was the postulate with which we started when we first began to prepare our budget, and the House may rest assured that before we came forward with this proposal to enhance the duty on salt we had explored with the utmost care every possible alternative which could occur to us. We examined the Customs schedule, we examined the income-tax, the Railway rates, Postal and Telegraph rates. Everywhere we got the same reply. Always we came back to salt, nothing but salt. Again, since the Finance Bill has been before the House, other alternatives have been suggested to us, and as the House knows, each and every one of those alternatives has been subjected to the most searching examination, and I say it again, again we come back to salt. Salt tax may not be a popular tax, may be a tax distasteful to the people of this country, but the burden of that tax is so distributed among the population of India that it becomes negligible in individual cases. (*Cries of "No, no."*) It gives us certainty for the future. It gives us the money we need for the present, and it gives us the money we need for the future. It enables India to stand out among the nations of the world as one of the few nations which has been able partly by retrenchment and partly by shouldering the burden of taxation to balance its budget and it restores our credit. Whatever Mr. Rangachariar may say, I say it is essential for India that we should have a balanced budget this year in order that our credit may be rehabilitated.

Now, Sir, let me turn to Mr. Rangachariar's charge that we have wantonly provoked a conflict with this House. Because last year we put this proposal and it was turned down, therefore Mr. Rangachariar says that we have no right again to put the proposal up. There is all the difference in the world between last year and this year. Last year we put the proposal before the House and the House turned it down. It was I who defended the proposal and looking back on the history of that time I say now that the Assembly was right. Even if the tax had been imposed last year it would not have balanced our budget, it would have still left us with a large deficit and the Assembly insisted that the remedy lay in retrenchment. Well, Sir, we have retrenched. As a result of the Inchcape Committee's report we have reduced the Army. We have reduced the army expenditure by five crores of rupees and more. We have it on the authority of His Excellency the Commander-in-Chief that we have effected those reductions at some military risk. Again, Sir, we have effected retrenchments on the civil side. People in this House may think that we have not retrenched enough, that we have not done all that we can in the way pointed out by the Inchcape Committee's report. Sir, as one who has served the Government of India for many years my fear is that we have retrenched too much. The reason why any Department looks askance at retrenchment is that that Department sees the implication of what we are doing. It sees the harm that retrenchment may effect, but, Sir, like everybody else in this House, we in the Government of India

Mr. President : I had to call the Honourable Member from Madras to order in order to prevent him from continuing on that line and I will ask the Honourable Member to keep himself within the same limits.

The Honourable Mr. C. A. Innes : I merely wished to make it plain that the position this year is entirely different. Last year we had

all we could have in that direction. This year we have done all the retrenchments we can and still we are faced with a deficit. The problem still remains how to cover that deficit and the difference between the House and the Government of India is this that we say that salt is the only way. The House says that there are other ways, but they have not been able to give us any unanimous vote as to what other ways should be proposed—even a majority vote—there is no assurance of it and they have not been able to prove to us that the other ways they may propose are in accordance with the principles of sound, wise, economic taxation.

Then, again, Sir, there is another difference between this year and last year. The position has changed economically. India is better off this year than it was last year. Prices of foodstuffs have fallen in this year by 20 per cent. The price of wheat has fallen by more. Take the price of wheat at Lahore in January 1922 and the price of wheat at Lahore in January 1923. In January 1922 you could buy for a rupee 3 seers and 15 chittaks of wheat. In January 1923 you could buy for a rupee 8 seers and 8 chittaks of wheat. That is to say, the price of wheat is less than half it was last year. Think what it means to the poor man. After all, your salt is a condiment and the man uses just an infinitesimal quantity every day. Wheat is a mainstay of life

12 Noon.

and the poor people spend the greater part of their income on foodgrains and foodstuffs; and when you find that those foodgrains and those foodstuffs are less than half the price they were this time last year, then do not talk to me about the hardship you are going to put on the poor man by putting on a small increase in the price of his salt. Let me take this economic argument. Is there any one here who really advances it seriously? It is a very useful thing to be able to say, "Oh no, we do not oppose this salt tax on political grounds; we oppose it on economic grounds." But, Sir, is that an honest belief? I gave the figures last year; Dr. Gour said that my figures of last year took no account of the consumption of salt by cattle. That, Sir, is not correct. Last year we took the total consumption of salt in India and the total population of India and we arrived at what the consumption of salt per head per annum was. It was 6 seers of salt per annum. An increase of duty of Rs. 1-4-0 per maund means an increase of 3 annas in the price paid for the amount of salt consumed per head per annum; 3 annas! and that includes salt required for cattle; let Dr. Gour mark that fact. Three annas per head: 12 annas per family; one anna per family per month: 1 pie per family every 2½ days; there is the sum for you. Is anybody here really seriously going to assert that a small increase of that kind is going to hurt any one seriously? And mind you, I do not lay too much stress on those figures. People may say that that may be the increase in price measured by the increase of duty, but when the middleman passes that duty on to the consumer he will pass on more than the duty. Well, Sir, I have got information on that point. The retail price of salt in Delhi on the 28th February before this new duty was imposed was 16 seers to the rupee, 1 anna per seer; that is, your 6 seers per annum cost 6 annas. The retail price of salt in Delhi on the 10th March after this duty had been imposed was 11 seers to the rupee; that is, the price paid for 6 seers per annum is 8 and eight-elevenths annas; that is to say, the actual increase is less than your 3 annas per head per annum.

Let me take another point. Mr. Joshi says that before we impose taxes of this kind we should make a proper economic survey. Give us the money; give us this salt tax and I hope that we will be able to make this economic survey. But, Sir, people are working at this problem; they are working at it in Mr. Joshi's own town of Bombay. Family budgets of 3,000 families have been prepared by careful investigators, non-official investigators, people with no axe of any sort or kind to grind. I am not going to give the figures because they are not material to my present purposes; I am merely going to give the percentages and that will reinforce the point which I made just now that an increase in the price of salt is as nothing compared with an increase in the price of foodgrains and foodstuffs. The results of these family budgets show that these working people in Bombay spend 32 per cent. of their monthly income on foodgrains; they spend more than 10 per cent. on other foodstuffs; and they spend 4 per cent. on salt. Mr. Rangachariar says that this increase in the duty on salt is the last straw that breaks the camel's back. Sir, it is no use flinging phrases at me like that. If we lay a straw on the poor man, a bad monsoon lays a flail upon him, a far heavier flail than anything we can do in the way of a salt tax. I repeat, Sir, there is nothing in this economic argument. Let the House clear its mind of all prejudice. I am not going to overstate my case, I am not going to say that I like this tax. I am quite prepared to admit that any tax, however small it may be, any tax which is a tax on a necessity of life is theoretically bad. All I say is that having regard to all our necessities, having regard to our deficit, this tax which imposes a burden which is negligible on the people of this country is on the economic side the soundest way of giving us the money which we require. Mr. Rangachariar says that it will give us more money than we want. It is going to give us 4.50 crores this year and all we want is 3.69 crores, and next year it will give us 6 crores. But, Sir, Mr. Rangachariar knows as well as I do that a great part of our income now is a transitory income, that the Government of India is in honour bound to repay 9 crores of contributions to the provinces, and have we not got to look ahead and provide for the future. Sir, as I have said, let us be honest and let us drop this economic argument; let us get to grips with real facts. What is the objection to this salt tax? The objection to the salt tax is the political objection. Some people say that they dare not go back to their constituency; they dare not face the electors; they dare not say that they have agreed to the salt tax. Well, Sir, I have sufficient confidence in the Honourable Members who constitute the non-official majority in this Assembly to believe that they will put personal considerations of that kind aside. Their real objection is that if we put on this salt tax we give a handle to the non-co-operator. Well, Sir, I do not wish to understate or in any way to minimise those objections. I recognise that they are perfectly real. But, Sir, they can be exaggerated. All our information is that as regards the agricultural classes, as regards the rank and file of the country, the non-co-operator has lost his influence in the last six months. The population of this country are beginning to recognize and beginning to feel that half their troubles are due to these non-co-operators. (Hear, hear.) I do not believe that the increase in this salt tax will have any effect in that way upon the bulk of the population of this country. And as regards your own electors, the

people who elect you, surely you can educate them; surely you can explain to them why we have been compelled to adopt this tax; and, Sir, if they are reasonable men I am sure they will listen. Sir Sivaswamy Aiyer laid his finger the other day upon the real objection to this salt tax. For many years,—I admit it,—for many years political India has fought against the salt tax. They have said that it is a tax which ought not to exist, much less to be increased. It is felt that mere consistency compels you to take the same line, and that is why Sir Sivaswamy Aiyer said that it was not practical politics even to think of raising the salt tax. It is an article of faith; it is a creed in political India that the salt tax must not be raised. Well, Sir, creeds become outworn: articles of faith require readjustment to changing conditions; and every now and then you have to re-examine the foundations of your belief and that is what I ask the House to do to-day. It is said that the imposition of this tax will be a violent shock to the reforms, a staggering blow to the reforms. That may be so, Sir, but there are worse things than shocks, there are worse things than blows. A worse thing is the cancer which eats away the root of the reforms. What is it? What is it that is preventing the reforms from having their full effect at the present moment? I say it is one word, or two words: 'financial stringency in the Government of India, and financial stringency in the Provincial Governments.' We all know with what high hopes the Ministers in the provinces assumed the tasks allotted to them, we all know how they hoped that they would be able to show the bureaucracy how money should be spent on education and sanitation. Have those hopes been fulfilled? Is it not a fact that, instead of these hopes being fulfilled, there is a dull resentment against the reforms? And why? Because the Ministers have not been able to get any money to justify themselves, or any money to carry out those projects on which such high hopes were pinned. Then, again, I do not suppose there is any one in this House who does not remember the remarkable speech delivered by Mr. Clayton in September 1921, in the Assembly. Mr. Clayton made the point that the one essential in India at the present time was a fundamental unanimity. The whole of these reforms presuppose that India can weld itself into one homogeneous nation. These provincial contributions, are they not a sore which is eating away India? Are we not setting Madras against Bengal, the United Provinces against Bombay, all because these provinces feel a resentment at these contributions? Madras feels that she is being unjustly treated; the United Provinces, the same, Bengal, the same. Sir, I say that if we take the long view, we do not allow ourselves to be blinded by the easy considerations of the present. I say that this House will recognise that the real danger of the reforms does not lie in the imposition of a small addition to the salt tax. (*A Voice*: "100 per cent.") It lies in our allowing the financial stringency to continue in the Government of India and in the Provincial Governments. I can claim that we on our side have done all we can. The Government of India have retrenched,—we have retrenched to the very best of our ability, and I say that no Government could have done more than we did on that Report. And I feel that we are now entitled to ask this Assembly to show, on their side, their responsibility. I ask them to take the long view,—to risk unpopularity, to risk shame, to risk obloquy, not to be guided, not to be weighed, by what I called just now the easy considerations of the present.

If this Assembly rises to the occasion now, if it agrees to the small tax, then I say that, judged by the tribunal of history, the Assembly will have done the wise and the right thing; it will have risked unpopularity, it will have made sacrifices in order to restore India's credit, in order to restore India's finances, and in order to make these reforms a success. Sir, I hope the House will not accept this amendment.

Chaudhri Shāhab-ud-Din (East Central Punjab: Muhammadan): Sir, no one will deny in this House or outside it that the salt tax is a very undesirable tax, a very distasteful tax, a very detestable tax and, as it is characterized by some, perhaps a very dreadful tax. But the question before this House is whether we can avoid the imposition of this tax. If a tax is inevitable, as has been admitted tacitly by this House (*Voices*: "No, no, no.")—it has been argued from the Government Benches that the balancing of the Budget shall enhance the credit of India and make India a solvent country, prove India's solvency beyond doubt—and I have not heard a single voice in this House denying the desirability of balancing the Budget. If I am right so far, then I think it follows that the balancing of the Budget may be taken as a fact admitted almost on all hands. If that assumption of mine is correct, then I think I am justified in concluding that the imposition of a new tax is inevitable, it is unavoidable; and it is on this assumption that I move my amendment. If, of course, the House were to decide that no tax is necessary and that, therefore, no tax should be imposed, I will be the last, as I said yesterday, to propose that a new tax should be imposed; but if a tax is inevitable, if it is unavoidable, then I think the salt tax is the best tax. My reasons for this position are very simple. It is a tax which affects all taxpayers equally, the rich and the poor are equally affected by it. It has been argued by Mr. Rangachariar and some other speakers that while the rich people will not mind paying 3 annas a year, that is, one copper a month, a tax of 3 annas per head per annum shall seriously affect the poor. I will assume that we are advocating only the cause of the poor, and that it is in their interest that we are opposing this tax. I would like on that assumption, to enlighten the House, so far as my province is concerned that the so-called poor in the Punjab can more easily afford to pay this tax than the so-called rich. (*Voices*: "No, no." "Take us there.") Sir, despite the impatience on the part of certain Honourable Members of this House, I feel bound to lay some hard facts before the House for its consideration. The population of the Punjab, perhaps unlike many other provinces, can be divided into three classes. The so-called poor or the labouring classes. I include the agricultural as well as the industrial labour. Then there are the middle-class people both among agriculturists and traders; the majority of agriculturists are owners of very small holdings. Then, there is the higher class, the rich people so to say, that is, whether they are lawyers, merchants, or big zemindars. As regards the middle classes, I am in a position to say, without fear of contradiction, that they are perhaps the poorest lot. The labouring class is very well off; its standard of life is in certain cases higher than, or at any rate equal to, the standard of life of the middle class; in fact, the middle-class people have to defray certain expenses on occasions of marriage and at other social functions which the members of the labouring class have not to defray and I know it as a fact, and I believe I will be supported by some Punjabees

in this House, that some members of the so-called poor labouring class are in fact bankers of the so-called rich middle-class people; they have more money—and I think their habits of economy and frugality have enabled them to save some money—to set aside some money, which they actually lend out to the so-called rich middle class people who are the owners of very small holdings and whose expenses are comparatively higher than those of their frugal labourers. It is this labour class, the so-called poor class in my province, in whose interest I am expected to oppose the salt duty. But if my knowledge of my province is correct, I am fully justified in saying that if this tax is to be opposed, the opposition is not justified in the interests of the so-called poor labourer whose wages, I think, have been under-estimated by the Honourable Mr. Innes in his speech. I have made inquiries and learn that here at Delhi a labourer is getting 9 annas a day, but in the Punjab, in Lahore, we cannot get a labourer even for one rupee a day to-day; and I can say without fear of contradiction that my knowledge is as accurate as it is first hand and personal. Now, that wages are so high and the labouring classes are so well off, that they are, in some cases, if not in a large number of cases, bankers of the so-called rich middle classes, to advocate the cause of the so-called poor, in my humble opinion, is going against facts. As regards the rich people, surely they can very easily pay the small tax of annas 3 per head per annum. This is not questioned or doubted by anyone in this House. Now, as regards the amount of taxation, and its incidence on the poor, one pice a month is the burden which the so-called labourer shall have to bear if the proposed duty of Rs. 2-8 per maund is imposed. Every labourer in my province is consuming tobacco worth two pice a day. Tobacco is a luxury, while salt is a necessity. (*A Voice*: “Tax tobacco.”) Tax it by all means. Impose an excise duty if you will. I do not mind at all. Tax it, but you will find it difficult, if not impossible, to tax local tobacco. You have already taxed foreign tobacco, I think, very heavily, and I shall not mind if the local tobacco is taxed. Do so by all means. I do not object to that. But I am stating a fact and that fact is that every labourer in the Punjab is consuming tobacco worth two pice a day. A labourer who is consuming so much tobacco, a luxury, I think, may well be expected to pay one pice a month. (*A Voice*: “Does the Agriculturist do the same?”) Yes; he is doing the same. In my province smoking is so common that, barring the Sikhs, perhaps even one per cent. of the Punjabees are not free from this vice. (*An Honourable Member*: “Very sorry.”) I am very sorry myself, but I am stating the fact. This is not smoking.

Mr. President : It is not usual to smoke salt.

Chaudhri Shahab-ud-din : Then, as the Honourable Mr. Townsend said, we have salt mines in our own province, yet we had to pay for salt during the war more than Rs. 5 a maund at wholesale rates, the retail rate being far above Rs. 5 a maund. But the so-called poor labourer who had to buy salt at so heavy a price not only for one or two years, but for 3 or 4 years, never grumbled against that high rate. I am told that if this new tax is imposed—and I have no reason to doubt the correctness of figures calculated by the Honourable Mr. Townsend,—that the price of salt shall exceed Rs. 3-8-0 per maund if the duty is doubled. I, therefore, propose that instead of im-

posing the full tax, that is, instead of doubling it from Rs. 1-4-0 to Rs. 2-8-0, let us be contented with Rs. 2 a maund. (*Rap Bahadur T. Rangachariar* : "Why?") Because, I may be allowed to say in answer to my Honourable friend, Mr. Rangachariar, according to my calculations if the tax is enhanced from Rs. 1-4-0 to Rs. 2 per maund and not to Rs. 2-8-0, the income from that source will be rupees 2 crores and 65½ lakhs. Then, I would invite the attention of the Honourable Mr. Rangachariar to his own amendment at the top of page 6, that is, if we exclude ordinary cotton goods which are used by the so-called poor people, and a sur-tax or a sur-charge of 6 pies per rupee is levied upon Customs, that will bring, according to my calculations, about Rs. 1 crore ; and thus we will have altogether about 3 crores and 65 lakhs, and I think we shall be able to balance our Budget.

These are the reasons why I propose that instead of Rs. 2-8-0 per maund we must have a tax of Rs. 2 only.

With those remarks, I propose, Sir, that a tax of Rs. 2 per maund may be sanctioned and not of Rs. 2-8-0 per maund as proposed by Government in clause 2 of the Bill.

Sir Montagu Webb (Bombay : European : Sir, I am opposed to the doubling of the salt tax, but I do think in present circumstances that salt should contribute to some extent towards the removal of the present financial difficulty, and I therefore support the amendment moved by my friend Chaudhri Shahab-ud-Din. I am opposed, Sir, to the doubling of the salt-tax for two reasons,—economic and political. There is no doubt whatever that the salt tax is objectionable, in that it is a tax upon a vital necessity of life, the reduced consumption of which must tend to affect the health of the people. Then too, at the present moment the political situation is such that I do not think it would be wise on the part of Government to arouse and incur further hostility by forcing upon the public a doubling of the existing rate of duty. I have been collecting during the past week or two salt tax cuttings from newspapers in all parts of India in order to better understand popular feeling in this matter. I expect Government have done the same thing. Now, Sir, what do I find. I find a universal condemnation of this proposed doubling of the salt duty except by one or two papers and one or two groups upon whom that duty would fall with the least weight, upon whom the duty, even if doubled, would be almost imperceptible. Well, Sir, there is nothing peculiar about that state of affairs. Every section of the community objects to a duty when it is going to fall upon themselves. I notice that the motor trades strongly object to the existing scale of motor duties and have asked for them to be reduced. Other trades also are asking for duties to be reduced. I have a bundle of telegrams here, Sir, very strongly objecting to the proposed sur-tax on the customs duties, which it is said, instead of bringing in extra duties, would merely check imports and probably reduce the estimated receipts from Customs which the Finance Member has already made. The Bombay silver interests, of course, object to the imposition of a silver duty. On my wiring and asking them if in the circumstances they would not support the small duty on salt, they have replied : "Your question is irrelevant". And so on. The fact is, Sir, that everybody objects to a duty being put on that commodity which particularly affects him. And so, I do not think

Government can feel any surprise if objection is expressed to any proposed increase of salt duty for the reasons which I have already stated.

Now, Sir, I noticed yesterday that my Honourable friend from Madras expressed considerable contempt for the political argument. He spoke almost as though politics were a matter of no account in a consideration of this kind. So, too, the Honourable the Finance Member spoke with even greater scorn of the political consideration. He said: the objection to this enhanced duty is a mere matter of sentiment,—and he spoke, or he implied, that in the consideration of the Budget we ought to be guided by pure, undiluted reason: we ought to work solely on the cold logical financial principles which are generally believed to guide authorities in Lombard Street and in Whitehall. We should not allow sentiment to interfere with the preparation of our budget. I do hope, Sir, that the Honourable Member will not bring ideas of that kind into his consideration of this budget. Why, Sir, what is it that makes the world go round? Sentiment! (*The Honourable the Finance Member*: “Money”).

What was it that caused the nations of East and West to spring to arms to repulse the attacks of the Central European Powers in the recent war? Sentiment, Sir, the feeling that might should not conquer right; the desire to assert our belief that humanity was higher and greater than brutality. I dare say, if the Honourable Member turns his glance to the incidents that are now taking place on the continent of Europe, he would hardly advance the argument that the people of Europe at this moment are influenced by motives of pure reason. (*The Honourable Sir Basil Blackett*: “They ought to be; that is the trouble.”) Well, Sir, why should we expect more reason in India than we can find in Europe? It is normal and natural that the public should be influenced by consideration of sentiment, and I am glad to think, Sir, that in the Government of this country, there is hardly a single law that does not take into consideration and rightly take into consideration, the feelings and the sentiments of the people of this country. And, therefore, Sir, I do hope that the Honourable Member, in considering this salt duty, will pay due weight to the feelings and the sentiments of the people of this country. Surely,

1 P.M. Sir, one of the first and most important considerations in the art and science of Government is to win the assent, the confidence, and the co-operation of the governed. And that being so, we must consider sentiment; and we must consider politics.

Now, Sir, I would carry the argument just a trifle further and ask the Honourable Member to think what has happened during the course of the first Session of the reformed Assembly. Three years ago, after the introduction of this democratic scheme of Government, Members were invited to come to this Assembly to assist in carrying on the Government of the country. They came in many cases amidst a good deal of hostility and hostile criticism from unfriendly and sometimes malicious critics. What did they find? The first year they appeared here, a deficit of Rs. 26 crores. They were asked “Would you please vote additional taxation to that extent?” Well, Sir, the newly elected Members of this Assembly with great courage and considerable foresight and statesmanlike outlook did vote that Rs. 26 crores, and were duly abused by the enemy in consequence. That was the first year. Now, Sir, as regards the second year. Members returned a year ago to this

Assembly. What did they find? A deficit of Rs. 31½ crores. They were once more asked to assent to every kind of taxation including salt. Well, Sir, once more the Members of this House did vote that extra taxation. They certainly rejected the salt and I was glad to hear the Honourable the Commerce Member say that in the circumstances he thought that Members were right in rejecting the salt and insisting on severe retrenchment, which policy has worked out very well. Now we come to the third year in which these newly fledged democratic Legislatures approach their duties. What are they asked to do? Again a deficit and this time the "ultimate reserve of taxation," as the Honourable Member called it,—the ultimate reserve—the salt-tax is once more brought out and they are asked to double it. And, Sir, the first general election is in sight! This Assembly is finishing its life and going back to the electorate. These Members, having during the whole of their time imposed a succession of additional taxation are now asked as their last act, to double the salt-tax and then go back to their constituents and ask for re-election!

The Honourable Sir Malcolm Hailey (Home Member): You kindly voted for us last year.

Sir Montagu Webb: Well, Sir

Mr. President: Order, order. The Honourable Member is rather a long way from the subject. At the moment Chaudhri Shahab-ud-Din moved his amendment the issue was narrowed between the two figures, and particularly I understood the Honourable Member wished to address himself to that.

Sir Montagu Webb: The object of my remarks is to persuade the Members of the Treasury Bench and Government Officers to abandon the idea of *doubling* the salt-tax, and to accept the amendment which my Honourable friend has put before them. I may say that although I used the political argument at some length, I was not concerned so much with the fate of the Legislators as with the fate of the Government, and the Reform Scheme itself. Now, Sir, during the last two or three years it has been my fortune to travel round the whole of this country two or three times, and I must say, Sir, that nothing has depressed me more than to note the growth of suspicion, hostility, loss of confidence, and disbelief in the sincerity of Government, and of Government's good motives that has sprung up on all sides. This has very often, I think, been the result of ignorance and malice; but still it exists, and I know no royal road to getting over this difficulty. But I submit to the officers of Government that it is very inadvisable in these particular circumstances to go out of the way, so to speak, to *double* the salt tax and thereby place a dandle in the hands of the enemy to make Government still more unpopular. We are at present in a very difficult situation. I confess that I do feel some sympathy with what an Honourable Member from Bombay said yesterday in this connection that it seemed to me that the Honourable the Finance Member was very severe and unbending in that although we are in a great financial difficulty he would not allow the whole of the war expenditure to be debited otherwise than to revenue

Mr. President: The Honourable Member is now quite out of order.

Sir Montagu Webb : I will come right back. I was about to recall the fact that an Honourable Member from Bombay had severely criticised the Honourable the Finance Member for being stern and unbending. The Honourable and gallant Member, I think, in his similes and criticisms went very much further than needs of the case or the facts of the case demanded. Now, I would like to appeal to my Honourable friends, Mr. Seshagiri Aiyar and Mr. Rangachariar who are stoutly resisting this proposal to double the salt-tax—I would appeal to them that they on their side must not be rigid and unbending. Here is an occasion where there must be give and take on both sides. It is no use for us to say that one side is unbending when we on the other side are similarly unbending. I do appeal therefore to my friend Mr. Seshagiri Aiyar and his party who propose to leave the salt-tax at Rs. 1-4-0 to bend and to meet the situation half way by acquiescing in and supporting the amendment put forward by my Honourable friend Mr. Shahab-ud-Din to raise the salt duty to two rupees only.

Mr. President : The original question was :

“That clause 2 stand part of the Bill.”

Since which an amendment has been moved :

“That in clause 2, sub-section (1), for the words ‘two rupees and eight annas’ substitute the words ‘one rupee and four annas.’”

Since which a further amendment has been moved to Mr. Rangachariar's amendment :

“to omit the words ‘one rupee and four annas’ in order to insert the words ‘two rupees.’”

The motion was negatived.

Mr. T. V. Seshagiri Aiyar : Sir, after what the Honourable Mr. Innes said, namely, that from the economic point of view there can be no doubt that the salt-tax can be fully justified, it requires some temerity to answer that argument, but I would add in all humility as my friend, Mr. Iswar Saran would have it—I would say that there is another side to that question. Sir, I have collected statistics to show that whenever the duty was high, the consumption of salt in this country has been very low, and as the duty was lowered from year to year, the consumption increased. I will mention only a few figures and then pass on to the Honourable Mr. Innes. When the tax was Rs. 3-4-0, the consumption of salt in this country was 28·8 million maunds. When it was Rs. 2-8-0 it came up to a considerably higher figure. When the tax was Rs. 2, it went up to 38·2. When it was Rs. 1-8-0, it went up to 41·3. When it came down to Re. 1, it went from 43·5 to 48·2; and again when it went to Rs. 1-4-0, it came down to 44·8. Now, during the last three years there has been some increase, and it is now 52·8. Now, Sir, that shows that if the tax is low, there is greater consumption of salt in this country; and what does it mean? It means freedom from epidemic diseases, and that people will be healthier in consequence of the consumption of salt. And what do they consume at present? It is 12 lbs. according to official estimates, whereas in Burma, according to official estimate, they consume 17 lbs. per head. Now, if there is less tax, people would be in a position to consume a great deal more and thereby the Government also

would be in a position to get more income. Sir, I think if the Government would apply its mind to reducing the tax instead of increasing it, they would get a great deal more income than they are getting now, because there will be greater consumption of salt.

Sir, the Honourable the Finance Member has used one argument very consistently and I must, with your permission, refer to it for a minute. It is this. He told the House that Member after Member had risen in his place and said that there should be a balanced budget. Sir, when we said that at the time when the Budget was introduced in this House—and I was one of those unfortunate men whose expression has been availed of by the Honourable the Finance Member—what we meant was that we and the Government should sit together and see that the expenditure is cut down a great deal more and that thereby the Budget is balanced. That is what we intended to convey to the Honourable the Finance Member and not that if the Government were not going to do that, we should help them by the imposition of new taxes. If the Honourable the Finance Member is under that impression, he is very much mistaken. The argument which has been put forward very often from the Government Benches that it is our duty to balance the Budget has no force whatsoever if they would not meet us half-way. If they themselves cut down their expenditure, then it may be possible for us to meet them half-way. The principle of give and take seems to mean, according to the Government Benches "Give everything and we shall take everything." That is the only meaning they ascribe to the expression "give and take." There is one other matter to which I wish to allude and then I will sit down. It is this. A great deal has been made about this being a question of sentiment and of its not being based upon sound reasons, that it is for political reasons that we are voting against the salt-tax. I will admit for the moment that it is a question of sentiment. But can any civilised Government afford to ignore the feelings of a whole nation? If it is a sentiment, it is the sentiment of the intelligentsia of the country, of the poor of the country and of every one living in the country. Can any civilised Government afford to ignore that sentiment and say "We are going to enforce our sovereign will upon you"? Can you say that? Will any civilised Government be justified in saying that? As regards the political reasons, I am astonished that officials who have been born in England and who have been brought up in the atmosphere of political amenities, should take exception to my friends saying that on political grounds it would be impossible for them to go before their constituencies if the salt tax is increased. Sir, speaking for myself, I am in a very fortunate position; I am not in the same unfortunate position that my friends are in. I am a nominated Member and, therefore, I have no constituency to which I have to account; but, so far as my friends are concerned, is there anything wrong on their part if they say "We want to serve the country again and it would be impossible for us to do that if we are parties to the increase of the salt-tax." Is there anything wrong in their saying that? I can understand the Government Benches saying "We are not bound to help you; there are as good fish in the sea as come out of it, and those who come after you might help us to balance our Budget." But let me ask them if there is anything wrong on the part of my friends if they say that it is not fair to them to ask them to consent to this tax, and that,

if they do they will not be able to get back. Sir, I think they are justified in that and I think a great deal has been said about it which ought not to have been said.

For these reasons, Sir, I am strongly of opinion that the motion which has been made to reduce the tax to Rs. 1-4 should be accepted by this House. There are some friends who have spoken against the increase of the duty by 100 per cent but who have voted for the increase of the duty by eight annas. I am quite sure, if they are consistent, they will go into the Lobby with us when this question of raising the duty by 100 per cent comes to be voted on.

Sir Campbell Rhodes (Bengal : European) : Sir, I feel the debate has lost a little of its reality since the trial of strength this morning, but there are one or two points that I should like to put before Honourable Members. Personally I am not altogether sorry that the rather wishy-washy compromise proposed in the amendment of my Honourable friend and so ably advocated by the sentimental financial expert from Karachi did not succeed. I would much rather face the straight issue and at the outset I would like to endorse what Sir Montagu Webb said, about the difficulties this Assembly has experienced, and also to pay my tribute to the Honourable Members on my right who have done so much these last three years and worked so consistently and so successfully to get the expenses of the Government down.

Various alternatives have been put forward and I would like, on the permission you kindly gave us yesterday, to refer in brief to one or two of these alternatives. There is the question of book-keeping my Honourable friend from Karachi advocated—that is to say, to balance the Budget with the help of an eraser and a penholder. I do not think he was really serious in that suggestion.

(An Honourable Member : "He was.")

He may have seemed so to the Honourable Member, but to me it looked as if he was speaking with his heart in his mouth and *ipso facto* therefore his tongue must have been in his cheek. But another proposal has been made,—and here again I find my foes are of my own household—by the President of the Madras Chamber of Commerce,—this question of surcharge. I submit, Sir, that the only justification for a surcharge is a national and sudden emergency occurring between two Budget periods when at all cost money must be suddenly raised. I do not know whether it has occurred to Honourable Members—I should like to think that it has not—that this suggestion was the suggestion for tax-paying Bengal.

I will take in my friends from Bombay. They and we between us provide practically the whole of the income-tax and the import duty. But Bengal also, I may tell Bombay, supplies 77 per cent. of the export duties, so that this, Sir, after the generosity of the House last year in regard to Provincial Contributions is an attempt, after giving us 63 lakhs, which they said we were honestly entitled to, to charge us about 2 crores.

Then, Sir, Mr. Moir expressed some doubt yesterday as to what a super-heater was. I may tell him in simple language that a super-heater is a method of turning steam into gas. That brings me to my friend, Dr. Gour. He suggests that the tax on iron and steel should be put up. Dr. Gour had,

I believe, a most successful career at Cambridge as an economist. (*A Voice* : 'No.') I have his own authority for saying so. That, Sir, was many years ago, but I do take exception when he drags into the quagmire of economic fallacy the Members of the Fiscal Commission. I have the book here, Sir, and I can lend it to him and he can rub up his somewhat tarnished economic truths by reading that book and finding out where we recommend heavy import duties on iron and steel. I am not quite sure in regard to cloth whether my friend, Mr. Jamnadas Dwarkadas, was not a little off the rails and was going a little away from the report which he enriched with his own signature. Well, Sir. . . .

I think it would save the time of the House if Members will read it at leisure. But, Sir, Mr. Jamnadas Dwarkadas will find out exactly what they said in paragraph 108. We have explored all these methods and we have found that they are impracticable. Then we come back to the question of balancing the budget. My Honourable friend, Mr. Seshagiri Aiyar, was very anxious to balance the budget as long as it was cutting down the grants; but he is not so anxious now and he is willing to face a deficit. Well, Sir, I am not. We have done our level best to balance the budget by cutting down the grants and we have failed. The alternative now before the House is a salt-tax or a deficit and it is suggested that the salt tax would press more hardly on the poor. I am not certain about that. The Finance Member has pointed out that a deficit is adding to the unproductive debt of the country, but experience has shown that it is also adding to the inflation of the currency. Now, that means in simple language that a rupee purchases less than it did before the inflation and therefore the poor man can buy less salt with the money. Which-ever alternative you adopt, whether it is deficit with its necessary inflation or salt-tax, you will inevitably reach the same end, putting some burden on the poor. I think, Sir, and I think most in the House will admit, that this is really a political rather than an economic question. The Members of the House are faced with the alternative of either their lives or their principles, and I would suggest that while it is an uncertainty about their life it is a certainty about their principles, and by saving their principles they may also save their lives. The Honourable Mr. Innes suggested that the constituencies should be educated. It was received very coldly in the House,—why, I do not know. Whether the implication was that the members are not qualified to educate their constituencies or the constituencies are not capable of being educated, I cannot say, but if they want a text book, I strongly recommend to the Government that the eloquent and convincing speech of the Honourable Member for Commerce which he made in the House this morning should be distributed broadcast in all vernaculars throughout the country.

There is another reason, Sir, why I gave my vote last year, and shall give it again, to the salt-tax. We have tried, as I have said, to balance our revenue, and we have failed. We want permanently additional sources of revenue. That is what I personally want, and what I should imagine the Government probably also want. Let us face that fact. We are not living now in abnormal times. We are working under normal conditions, and we cannot gamble on better monsoons than we have had this year in the future. Last year my Honourable friend Mr. Joshi twitted me because I preferred salt to cloth.

Mr. Rangachariar has, I think, answered that argument, but I may point out that in the interests of the people, it is better that for every rupee you collect sixteen annas should go into the pockets of the Government. That is the case in salt. The case of cloth is that for every rupee you collect from import duties six annas will go into the pockets of Government. I hope, therefore—though I admit it is a very faint hope,—after the division this morning, that the House will reconsider this matter.

Captain Sassoon in a speech which contained much that I personally take strong exception to mentioned that it was within the rights of the Government to restore this salt-tax if the House threw it out. Where you have rights, and I am addressing myself now to the Honourable the Finance Member and his colleagues, you have also responsibilities,—if Members say they must represent their constituents, then the Honourable the Finance Member must represent sound finance; otherwise it was not necessary to have brought him out from England; we might have got our Finance Minister nearer, say from Karachi. (*A Voice*: “Why not from Calcutta.”) I am afraid Calcutta would not help. A celebrated surgeon was taking half a dozen senior medical students round the hospital in London, and coming to a certain bed he asked the students what they thought of the condition of the patient. They all said, he was not very ill and they thought if he were left alone he would be all right. The surgeon replied “Gentlemen, you do not realise the symptoms, and I shall operate tomorrow.” Here the patient interposed and said “you will certainly do nothing of the sort when the majority is 6 to 1 against you.” I leave the Honourable the Finance Member and his colleagues to take the bearing of that story and to decide what is right both in the interests of their own reputation and of the life of the patient. But I appeal, Sir, once more to the House to take a more statesmanlike view of this position than has been indicated in some of the speeches. My Honourable friend Mr. Rangachariar says that the Government Benchers are afraid of odium. The Honourable Member for Commerce has looked across the House and has said “Why not have the pluck to do it?” Standing in this position, Sir, I see many reeds on both sides of the House shaking in the wind and I would urge a little courage. I would urge Members to lead rather than be led by their constituencies. This question of odium does not appeal to me at all. Face the odium. I gather Mr. Rangachariar’s new chemical designation for salt in future will be “odium chloride”. I appeal, therefore, finally, Sir, to the House to accept their responsibilities and not to look back at the burning cities of bankruptcy behind but, if they do it, I can only repeat that old warning, which seems extraordinarily appropriate to the subject before us: “Remember Lot’s wife.”

The Honourable Sir Malcolm Hailey: I feel under a great disability in addressing the House at this moment. Not only has the House already by its previous vote given some indication of its feelings on this question but the arguments on both sides have been put and rebut, have been argued and counter-argued and I feel that it would be of little avail to me now to re-state the case for the increase in the salt-tax or to argue its necessity in the light of our financial position. Yet, there are considerations which I must put to the House, for I feel deeply the gravity of this occasion. I have felt

it so deeply myself that I, with other friends, have been unremitting in our efforts to attempt some solution which would avoid the motion for doubling of the salt-tax being put to the vote of the Assembly. To avoid that, we were willing to agree, as the House knows, to a solution which we ourselves felt in some respects highly undesirable. I need not go into its details here, for the attempt has failed. With the best good will we could not secure agreement, and we now stand faced with the necessity of supporting on behalf of Government the original measure embodied in the budget proposals. And this, Sir, comes at a moment when we are closing a momentous chapter in the history of this Legislature and indeed of the Reform Scheme. One has only to look back on the events of the last year to realise its importance. It is not only the fact that the Legislature has represented to us, who have the interests of the Reform Scheme at heart, a proof that there was in India a strong and solid body of moderate opinion which was the chief bulwark against the forces of disintegration and almost, I would add, of anarchy that seemed at one time to be flooding the country; it was not only that it has proved to us that to that extent the Reforms were a success; but its own history as a Legislature has not been devoid during the last year of incidents which will have a powerful bearing on the history of India and its relations to Great Britain. I need not perhaps dilate on the importance which history will attach to what has happened in this Legislature in regard to questions such as our fiscal relations or to the Bill which affected the juridical relations of Europeans and Indians, not in another sphere, to the discussions regarding the State management of railways. It is enough to say, that this question comes as the last of a series of discussions of the highest importance; it will be practically the last serious decision which this Assembly as an Assembly will have to take. Our business in Simla is seldom of the first importance. We foreshadow only a short Session there this year, and naturally, in a short Session, we shall, if we can avoid doing so, avoid bringing before the Assembly any matter of very grave moment. But that is not the only reason why I feel the gravity of the occasion, for it is an open matter between us that the decision will have other implications of a constitutional nature. Perhaps those in themselves are more important than the effect of this immediate decision.

I have no intention and indeed no need to repeat that defence on the economic side of our proposals so brilliantly put forward by my friend Mr. Innes. I am dealing rather with larger issues. I am answering the first question which has been put to us, how we, as a Government, came to put this proposal before the House indeed, it was put to us in this form, which suggested that we had done so lightly and without due consideration. Sir, was it likely that a Government constituted such as ours, and a Government which had behind it the record of the last two years, would have put such a proposal forward lightly or without a due provision of its consequences? There are those in the present Government who in their sphere and among critics, both in India and outside, have incurred a certain amount of obloquy because we were previously unwilling to produce or to face a constitutional deadlock. Surely we of all others would hesitate to do anything which would seem to imperil an ideal to which many of us were firmly attached, I mean the progress of reforms. Is it likely that we would have put forward such a proposal unless we had felt that it was the only and the final solution of our

difficulties? One final remark; I know I am now treading on somewhat delicate ground and I must choose my words—but I said that the proposal involves grave constitutional implications. Well, how came it then that we as a body put forward a proposal which, by carrying such implications involved also consequences affecting the head of our Council, for in the ultimate resort an individual responsibility of a very heavy nature might fall on him? I can only say this that it was unlikely that we would, without the most anxious consideration, give advice to the head of our Council which might finally involve him in making a decision of so momentous a nature, the more serious for him because not only has he a long Liberal career behind him, but from the first has had as his one consideration out here the task of making a success of the reform scheme. Well, Sir, we put this proposal forward, as has already been pointed out, in circumstances entirely different to those which prevailed last year. Last year we had our deficit, not the first of such deficits I am sorry to say. It was no doubt impairing our credit, but circumstances had not arrived at the condition in which we now find ourselves. Let me explain the matter from my point of view. Deficits are an extraordinary danger in finance. But although our operations last year presented all the characteristic dangers of a deficit, that is to say, although it forced us to raise our temporary loans at a higher rate because we had not a hold on the money market, although constructively, at all events, the series of deficits may have led to some inflation, yet we had not arrived at the stage when those who were advancing us money could definitely say that they despaired of our ability to rehabilitate ourselves. The circumstances of our finances had not then been explored to the full. Now we are in a different position. We have had every sphere of our expenditure narrowly and carefully examined. We have loyally and to the best of our ability given effect to the recommendations put forward by the expert body which examined our expenditure. (*A Voice* : “Not fully.”) Not fully, Sir, because no human being can forthwith and within a few months give complete effect to such recommendations. But I am taking the position of the outside world. They will say that last year it is true there was a deficit, but

4 P.M.

it was quite possible that this was temporary, since we had not then regulated our affairs. Now, they know that even after the immediate maximum of retrenchment has been made India will have a deficit. That affects our credit in quite a different degree to the circumstances of last year. I sincerely believe that unless we can now balance our budget we shall be affected in our credit; and let me say that I am not sure that it is always recognized in this House quite what this means to us. Until we re-establish our credit we shall always have dear money in India. Since we must borrow both in Europe and in India the effect of short borrowing in England so increases our operations here that we lose all control over interest rates. Dear money in India does not only mean a fresh burden upon our revenue but it means of course high interest rates throughout the country, and that affects everybody, everybody who is starting a new industry, everybody who is seeking finance to maintain an existing industry. The re-establishment of our credit for the purpose of raising our loans is a primary necessity not only for the State, but it is of vital interest to everybody concerned in commerce or industry in this country. That then is our obli-

gation towards our credit. But we had also the internal obligation, if I may use that word. In the first place, it is clear that our retrenchment will leave us as a Central Government almost stagnant in some Departments. That fact has already been sufficiently voiced in the House and not only on this side of the House. Our retrenchments will leave us in a state in which we can do nothing to promote that higher technical education which is necessary to fit Indians to take their place in our Imperial Services. But of course we have also a further obligation. Mr. Rangachariar said that our only object in trying to get this extra taxation by salt was so to confirm our position that we might rely on maintaining always an expenditure level of 130 crores. Now, of course, that is not so. In the first place we know that although we can give effect this year to part only of the proposals of the Retrenchment Committee, the effect of those proposals should be continuing. We do not necessarily look merely to maintain expenditure at the level of 130 crores, because we hope the effect of the Retrenchment Committee will, given fair harvests and fair times, enable us to reduce that. But we have obligations of 9 crores of rupees to the provinces. I am not going to dilate on that question myself. It has caused me enough criticism and enough unhappiness to justify me in avoiding the subject. But there the obligation remains and somehow or other we must confront the necessity for our revenues being reduced by that amount. Those then were our obligations, and it was with a sense of the gravity of those obligations that we put forward our budget proposals. We are told that we might have avoided putting them forward, if we cared to do so. It has been suggested to us, but I do not think it has been suggested to us seriously, that there were other forms of taxation; I say, not seriously because when the House has tried to explore those other forms of taxation, it has always fallen into divided camps on the subject. I think I may say with some confidence that, had we from the very first and while preparing our budget been discussing with the House these alternative forms of taxation, the differences which have now appeared would have been equally strong, and we should have found ourselves in exactly the same position. Anything which involved further direct taxation would have been deeply resented by one section, and anything which involved further increase of the customs would have been equally resented by others. So I think I am justified in saying that now at all events the House at large is agreed that alternative forms of taxation could not safely be recommended as supplying the deficiency in our accounts. We are told again that we could have avoided it if we had acted more strenuously in following the recommendations of the Inchcape Committee. Indeed some have even gone much further and have said "A fig for your Inchcape Committee! If we ourselves had undertaken retrenchment, we would have gone very much further; it was an accommodating kind of Committee which first learnt how much each Department could spare and then proceeded to cut just that amount off." A more unjust, a more unreasonable description of the operations of that Committee it would be impossible to frame. I believe myself that there are few in this House who ever thought that a Retrenchment Committee could put forward proposals for so substantial a reduction in our current expenditure; and I can say with confidence that if those who say we have not done our best to meet the recommendations of that Committee were to sit with us and were to attempt

to face the task of carrying those recommendations out, I doubt myself whether they would be successful, as we ourselves are likely to be, in carrying out those recommendations. "A few crores more off the Army would do all that was wanted!" It is an easy word! But I, who had some experience of the difficulties of reducing army expenditure after the Great War, who have seen how extraordinarily difficult it is when you are just building up your machinery after the chaotic conditions introduced by such a war, I have seen how almost impossible it is at once and at one swoop to make large reductions, unless at the same time you reduce the strength of your combatant troops. Personally I believe that we shall be lucky if we manage to work down to the figure which we have taken for the retrenchments recommended by the Committee in the present year. At all events I can say, with the utmost confidence on behalf of my colleagues, that if ever their ready compliance and loyalty was shown in carrying out the recommendations of a committee, many, if not most of whose recommendations were bound to be distasteful, that loyalty was shown on this occasion. We are told that there is another method of meeting the difficulty; and here, again, well aware as I am how much this question has already been discussed, I shall touch on it but very lightly, I mean the method of altering the form of our account. I should not indeed have touched on it at all if it had not been that our inability to take this course has been quoted as a proof that we ourselves have been unduly obstructive, unduly hard to move, and unaccommodating in this respect. I say "ourselves" Sir, advisedly, because there was a personal attack made on the Finance Member, which attributed that attitude of mind entirely to him. Sir, I do not see the author of that attack. (*A Voice*: "He is here".) Yes, he is here. I should like to say as little as possible as to the manner of that attack. I will say a little of it, because I believe myself that on the whole the House so far disagreed that it has strengthened Sir Basil Blackett's position. But I must say this, that it has been one of our traditions here, and a tradition of which we are proud, that we do not indulge in personal attacks on each other. We attack each other's ideas; we attack each other's principles; we attack each other's policy. In neither case are we sparing in our criticism. But we do not attack the individual. Yet that is exactly what was done on this occasion, and were that method to be followed generally in this House, there are few who would not have cause to look back on the innovation with genuine regret. As to the arguments on which that attack was based, I must say this. So far from any one individual member of our body having been unduly unaccommodating in this respect, anything that has been done in regard to the restoration of grants refused is the decision of our body as a whole and we stand and fall together by it. Now, grants have been restored in two respects. One relates to the Royal Commission. I suppose there is nobody here who did not expect that if the vote went against us—and I think I may claim that it was perhaps only by a chance that it did go against us—we should in the ordinary discharge of our duty have to restore that grant, and I will add, Sir, that I do not think there is anybody here who resents our having done so. (*Mr. Jammadas Dwarkadas*: "No, no. We do resent.") But, there was a second case in which the grant was restored. I argued it before; I am not going to argue it again. But I wish to quote the actual words used by Captain Sassoon in supporting the proposed trans-

fer from Revenue to Capital. Remember again, when you hear them, that it was the Finance Member who was unaccommodating because he could not see his way to yield on this point.

This is the argument on which the proposal was based.

"We find no other at any rate easy suggestion put forward to replace that money. We are therefore trying to cut our coats according to our cloth and, although I agree it is to a certain extent juggling"

So, Sir, it was put forward with the admission that it confessedly was juggling and the Finance Member was unaccommodating because he refused to juggle. I commend Captain Sassoon to put forward an argument of that nature at a meeting of one of his companies in Bombay. I suggest to him that, if at any time he should be in the position of having to raise further money and, in order to show a good return should be under the necessity of putting his affairs in as favourable a light as possible to the public, I commend to him to suggest to the shareholders that they should indulge in the operation of juggling in order to make their accounts look better. I will only give him one other piece of advice. He said that, if this were the attitude we were to take up on behalf of Government, he was doing little good here and he might as well return to his constituents. I have no desire to see him return to his constituents, Sir, because I think that, if he stays here, he will learn something which will be valuable to him in after life, if it is only a proper reticence in debate.

When those were the alternatives, namely, when it has not been really suggesting to us that there is any better tax, when it has been put to us that we might get square by making further retrenchments, which we knew to be impossible or by changing the form of our accounts, we have felt that we are indeed left with this one sole resource; and, if we have felt that, I do not think that anybody can accuse us of wilfully flouting public opinion or wilfully offending a deeply felt sentiment. We knew and recognised that sentiment. But, we were faced with a necessity for which we saw no other solution and a necessity, Sir, for which at this moment frankly I and those with me see no other solution now. Believe me, if we still hold to our position, it is not because we do not recognise the difficulties of our opponents; it is not because we are unmindful or careless of the depth of sentiment on the subject of the salt-tax, or of the 20 years' history behind it. We recognise that it will require courage on the part of Members of this House to support that tax, and yet, although it is with an uneasy heart—for I myself would have been too glad to have avoided fresh taxation and more than glad to have avoided this particular item of taxation, yet though my heart is uneasy on the subject, I can with some confidence still put this solution forward. The one thing that we want now is a courageous and a consistent attempt to get into a position where we can at last see daylight. If it requires courage on your part, believe me you are not alone in that. It has required on our part also courage, for we know that we run the risk of incurring much criticism, much misinterpretation, and even discontent. My last word to the Assembly is this—that if you can take your courage in both hands now, if you can get into a position where you can at length see daylight, then you are at the beginning of a new state of things;

you will have reached something like stability, and financial stability is the basis of your future progress. But as long as your condition of instability lasts, you will still year after year have to face recurring trouble, not only financial but political. It is only by facing the situation now that you can put the finances of India into a condition when India itself can, with something like a serene outlook on the future, set to work to readjust its relations with the Provinces, to provide Ministers, who are the chief agents of reform in the Provinces, with means to make their position real, it is only then that you can look with anything like a clear and serene vision on the future.

Mr. President : Amendment moved to clause 2, sub-section (1) :

"For the words 'two rupees and eight' substitute the words 'one rupee and four'."

The question I have to put is that amendment be made.

The motion was adopted.

The Honourable Sir Basil Blackett : Sir, I do not wish to detain the House at this late hour, but there are one or two points which it is necessary that I should not leave completely unanswered. I do not propose to follow Mr. Jamnadas Dwarkadas in his very eloquent appeal; all I would like to say on that subject is that, speaking here, I regret exceedingly that the House has missed what seems to me a unique opportunity for confounding for ever any questions outside this country of the reforms scheme. But I will say no more on that subject; I will deal with the two other points raised. As regards the point raised by Mr. Wilson in regard to salt, the Government will be prepared to consider the point which he has raised and will, if necessary, consider whether any action need be taken in another place. The Honourable Member from Karachi seems to founder deeper and deeper in sentimental finance, as it has been called to-day, with every stage of the crisis; the more he is driven to face the necessity of adopting sound methods of dealing with the difficulty, the more unsound are the expedients which he tries to find to slip out of it. He has again repeated that this is a temporary crisis, it is a temporary financial stringency. I have stated more than once, and it has been said by others, that that is a view which cannot be put forward with any certainty. I would like just to make this point. He said that the cuts suggested by the Retrenchment Committee are something over 19 crores, and though we cannot put them all into force this year, we ought to put them into force next year. I hope we shall put into force next year every possible retrenchment, but I must point out that at least 6 crores out of those 19 crores are non-recurrent savings: non-recurrent—there is the lag and terminal charges this year, which make our total actual savings, I think, about 12 out of the 19 recommended by the Retrenchment Committee. But of those 12, I think I am right in saying that at least six are non-recurrent; they do not recur next year; so that we cannot take too rosy a view of next year's situation.

* Sir Montagu Webb has a rather indistinct idea as to where the line is to be drawn between capital and revenue. He says we are using part of the Gold Standard Reserve this year; I would point out that we are only using the interest on the Gold Standard Reserve, which is recurrent. If we do

not touch the total reserve this year, that interest is a recurring item—it is a recurring interest item we are using; we are not using the principal. I will not be diverted at this moment into discussing whether or not the Gold Standard Reserve is sufficient or insufficient for its purpose or enter into other arguments as to its use. Obviously the gold standard is needed and required for the purpose of dealing with our exchange and stabilising our exchange when the moment comes for doing it. That would be the moment to consider how finally to dispose of our available resources for stabilising exchange. If we were simply to use them for the purpose of meeting our current outgoings, we should be spending Capital on Revenue purposes, but I think it is a little beyond. (*A Voice*: “Use it for deflation.”) If we use it for deflation, it is not revenue. I think Sir Montagu Webb said that 8 million pounds was about the maximum needed to cover any two years’ adverse balance of exchange. (*Sir Montagu Webb*: “Eight millions a year.”) In 1920-21 we had an adverse balance of 48½ crores, and in 1921-22 a total adverse balance of 32 crores, or a total adverse balance of 80 crores in two years. (*Sir Montagu Webb*: “Surely, Sir, not the balance of trade.”) I am sorry to hear at the last moment a suggestion, which might mislead public opinion, put forward that there is a possibility of covering the deficit by a sound means and it would be very unfortunate if that went out to the world as a possibility, when I believe, as even Sir Montagu Webb must know that it is not in any sense a suggestion for balancing the budget. It is a suggestion for devising ways and means which we need not discuss, it is not in any sense a suggestion for making the Budget balance.

Mr. President : The question is :

“That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income tax, as amended, be passed.”

The motion was adopted.

24th March 1923.

Mr. President : The following Message has been received from His Excellency the Viceroy.

“In pursuance of the provisions of sub-section (1) of section 67B of the Government of India Act, I, Rufus Daniel, Earl of Reading, do recommend to the Legislative Assembly that it do pass the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income tax in the form in which it was passed by the Council of State.

(Sd.) **READING**,

Viceroy and Governor General.”

Rao Bahadur T. Rangachariar (Madras City: Non-Muhaminadan Urban): Sir, arising out of that Message, might I draw your attention to section 67B under which this Message has been sent to us? Are we to pass the Bill again, Sir? We have already passed the Bill, Sir. I thought it only remained for us to agree or disagree with the amendments made by the Council of State. I see the recommendation is to pass the Bill. Is there any further procedure of passing the Bill in this House?

Mr. President: A motion will have to be made in relation to the Bill on the day on which it is set down for consideration by Government.

26th March 1923.

THE INDIAN FINANCE BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move:

"That the amendments made by the Council of State in the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration."

This motion, Sir, raises serious issues, not all of them of a financial nature. I do not propose in the few remarks that I shall make now to deal with any but the financial question; but I do wish to draw the attention of the House to the fact that a serious financial decision has to be taken. From the financial standpoint the question before us is whether the deficit of 369 lakhs for 1923-24 is to be left uncovered or whether it is to be covered by an enhancement of the duty on salt. Sir, I wish it were possible to recapture for a moment the atmosphere of the time when the Budget was introduced and the general discussion was taking place. When I introduced the Budget on March the 1st I drew attention to the serious consequences of five years of continuous deficits and to the urgent need for balancing our Budget in 1923-24. The House from the first showed some dislike to the salt tax but I think we were unanimous in holding that somehow or other the deficit must be covered. That unanimity has been decreasing, I am afraid, since. I have seen it stated—not I think in a responsible quarter—that the Government are making a fetish of balancing the Budget. Well, Sir, the last time I heard that statement made was in defence of the absence of balance in the Austrian Budget; and I have heard that defence made for all the unbalanced Budgets in Europe. I was reading yesterday the columns of a newspaper, the editorial part of which has been thundering in truly Olympian fashion against the Government and against the salt tax; but I was not reading the editorial portion—I was reading the financial columns, and this is what the financial Editor said:

"The business community thoroughly sympathises with the Government in its effort to create a balanced Budget and the opinion is gathering strength that the opposition to the salt tax is mainly political and sentimental and that economically the duty is sound. The country's financial salvation depends on a balanced Budget and the Government's rate of borrowing in the next official year also depends a great deal on it, as a deficit Budget will again create doubt and distrust in the minds of the investing public."

Now, Sir, which is the best guide for the Government and for this House in considering a financial question—the leader writer or the financial editor? Sir, when I introduced the Budget I appealed to this House for united action to bring to an end the era of deficits and to put India back into the position which she has normally enjoyed of having a balanced Budget. The need for a balanced Budget is not less but more since that day, simply because we have expressed our determination to balance the Budget and expressed our conviction that it is necessary. If we fail to do so now we are failing to live up to our convictions. That cannot but have a detrimental effect. Sir, I venture to appeal once again for united action.

I lay stress on united action. Some, at any rate, of the advantages of a balanced Budget will not be secured if our action is not united, and all the satisfaction and pleasure that this House and the Government could feel in balancing the Budget will be lost if the effort is not united.

The motion was adopted.

Mr. President : Amendment made by the Council of State :

“ In sub-clause (1) of clause 2 of the Bill, after the words ‘ construed as if ’ the words ‘ with effect from the 1st day of March, 1923 ’ were inserted, and for the words ‘ one rupee and four annas ’ the words ‘ two rupees and eight annas ’ were substituted.”

The question I have to put is that this Assembly do agree with the Council of State in that amendment.

Mr. Jamnadas Dwarkadas (Bombay City : Non-Muhammadan Urban) : Sir, I rise to oppose the amendment made by the Council of State in the Finance Bill. The amendment, if carried would restore the original proposal made by the Government in introducing the Budget of enhancing the salt duty that is levied in this country to the extent of Rs. 1-4. As you are aware, Sir, this House by an overwhelming majority while discussing the Finance Bill voted against this increase and carried by a large majority the amendment moved by my Honourable friend, Mr. Rangachariar, that the duty should remain at its original level. Subsequently, the Bill went to the Upper House (*Rao Bahadur T. Rangachariar* : “ The other House ”), to the other House, I am sorry, and it went with a recommendation from His Excellency the Governor-General. The other House, as was expected of it, without meaning any disrespect to the personnel of it, has supported the proposal made by Government. I want to tell Government very frankly that the Government would be making a great mistake if it took it for granted that the opinion expressed by the other House is the view that is held by the majority of my countrymen. I repeat that I have to say nothing personal against the Honourable Members of the Council of State; they are men of wealth, they are men possessing large estates, men who are rich and prosperous.

Mr. President : I think the Honourable Member had better leave the other House alone.

Mr. Jamnadas Dwarkadas : I shall bow to your ruling Sir. But I can assure you that I have no intention to run down the Members of that House. All that I meant to point out was that the Government would be making a sad mistake if, relying on the opinion of the other House, they took it for granted that the opinion expressed there was the opinion of the

result of your obstinacy. I hope Government even at this late stage will be guided by wisdom, by the experience that they have had in the past. Many people in this country had no faith in the reforms, especially because of the extraordinary powers that are vested in the Governor General. We were loath to believe that these extraordinary powers would ever be used on an occasion like this, for ordinary purposes, when there cannot be the slightest justification for the Governor General to use his extraordinary powers. We shall have to hang down our heads in shame when we go to our countrymen and tell them that in spite of the promises that we had made, that we were going to use all the powers that were vested in us by means of the Reforms, in spite of the fact that we had claimed that our powers were very wide and that the extraordinary powers would remain on paper and never be brought into use by the Governor General, we have now come to you with an admission that extraordinary powers are being used for ordinary purposes, on occasions on which no sane Government, let me say, could think of using extraordinary powers. We have to admit to them, whether we like it or not, that there is hollowness in the reforms given to us and that we should all agitate, by all means constitutionally, but agitate violently in order to secure full self-Government at the earliest date possible in this country. (Hear, hear.) Sir, I do not want to pursue the point. I do not know whether the Government is alive to the danger of forcing this measure on the country. I am not blind to the difficulties with which the Government is faced. I realise that on the top of the retrenchment that the Government have undoubtedly effected, it would be rather hard if they did not balance the budget, but the question does remain are you likely to balance the Budget or are you merely going to secure the balance of the budget on the paper? On the one hand you have the whole of this country standing like one man opposing the enhancement of the salt duty. You say that you must balance the budget and therefore you must have the salt tax. The country says 'No.' We recognise the need of balancing the budget, but we refuse to allow you even to balance the budget by the enhancement of the salt tax which will bring about a very difficult situation both for you and for us.

Mr. S. C. Shahani (Sind Jagirdars and Zamindars : Landholders) : Who is right?

Mr. Jamnadas Dwarkadas : Who is right? On the other hand, you have pressure exercised on you from Whitehall that the budget must be balanced. You have also the opinion of the whole country against the enhancement of the salt tax. If you do not accept the opinion from Whitehall you will not be able to secure the balancing of the budget. As I said, from a financial point of view, you may flatter yourselves that you have secured the balancing of the budget on paper, but you are not going in reality to secure the balancing of the budget. You have Whitehall pressing you to balance the Budget.

The Honourable Sir Malcolm Hailey (Home Member) : Is the Honourable Member speaking by the book when he says that?

Mr. Jamnadas Dwarkadas : I should be very glad if my Honourable friend is in a position to contradict what I am saying. But that is the general impression not only in this House but throughout the country. Well, Sir,

if the Honourable the Home Member does not like me to refer to Whitehall I shall not refer to it, but there is the public opinion in England in Great Britain, on which our credit unfortunately depends. It is said that public opinion there demands the balancing of the Budget. We know what public opinion in England about India is ; it is confined to the four corners of Whitehall. Well, you have here a choice. You have the whole people asking you not to enhance the salt duty ; on the other hand, you have a few,—and after all many are not interested in Indian problems in England,—you have a few asking you to balance the budget. You know that you cannot secure the real balancing except on paper. The Assembly which has stood by you at most critical moments in the history of this country has also expressed its opinion that you should not enhance the salt duty. You have a choice. You may yield to the wishes of the Assembly, you may respect the wishes of the Assembly, and you will respect public opinion in this country. You will evade the trouble that threatens again to place this country in a state of disorder. You will secure permanently the friendship of the Members of this Assembly who have stood by you at most critical moments in the history of this country. If ingratitude is not one of your weaknesses, I say that it is necessary that at this most critical moment, that you should stand by this Assembly, in spite of your pet theories. You will be respecting the wishes of the country as expressed in this Assembly. There is a choice before you. You may respect the opinion of this country and avoid all trouble and prove once and for all that you are going to respect the constitution, that you stand for reforms, that you stand for progress, nay that you respect the statement made by the late Viceroy Lord Chelmsford here that autocracy is for all time abandoned. Further, you will respect the message sent through His Royal Highness the Duke of Connaught to us by His Majesty the King Emperor himself that these reforms will establish the beginnings of Swaraj.

Mr. President : I cannot allow the Honourable Member to bring in the name of the Crown in this debate.

Mr. Jammadas Dwarkadas : I bow to your ruling, Sir. You will respect all the statements that statesmen and high personages at most critical moments have made, statements which have gone a great way in soothing the feelings of this country. You can prove them. There is an opportunity for you to prove that you stand by the progress of this country, that you do not believe in autocracy any longer and that you want to lead this country to the goal of responsible Government ; while by not respecting the wishes of this Assembly by flouting public opinion on an occasion like this, not only will you be undoing every good that the reformed Legislatures have undoubtedly done, but you will be sowing seeds of suspicion in this country which will bring into existence again a great political movement creating disturbances, disorder and chaos everywhere in the country. It is neither good for you nor for us. Exercise your imagination. I am sorry, Sir, that in this country we have had the sad experience that the powers that be have never exercised their sense of imagination. We thought that the reformed Councils and the presence of our own countrymen in the Executive Councils were going to supply what you lacked. But it seems to me that if this demand to enhance the salt tax is persisted in, all these difficulties and all the sad experience that you

had in the past and the altered circumstances after the introduction of the Reforms have been lost on you altogether. The moment the movement that used to disturb the country is on the wane, you come forward again with your might to overrule the majority in this House and force on us a measure which this country like one man detests. You will be responsible for the consequences. As friends of the Government, as friends of this country and its relations with Great Britain, as persons who have stood by you in the midst of slanders, in the midst of calumny, in the midst of opposition of all kinds from our countrymen, we appeal to you not to have recourse to a measure like this. I hope, Sir, my appeal will not fall on deaf ears.

Sir Campbell Rhodes (Bengal : European) : Sir, I think, I shall voice the opinions of all in this House when I say how much I regret the constitutional episode which has unfortunately arisen over this salt tax. It has arisen, and while on the one hand I feel that there is nothing to be lost by candour on the other there is nothing to be gained by heat. (*Rao Bahadur T. Ranga-chariar* : "Don't produce it.") I will do my best, Sir, not to do so, and I don't think my reputation in this House has been such as to justify the suggestion. I am very willing, Sir, to grant to the Members on my right credit for their honesty of view. They hold these views—political views admittedly—they hold them very strongly. Personally, if I saw any chance of a compromise, which I do not, I would have sacrificed some of the views which I hold very strongly on the other side in order to meet them half-way. But I fear that that is hopeless. But Sir, I do ask them in turn to give us credit for honesty in the views we hold. In speaking about the salt tax and its pressure on the poor, it must be remembered that none of us are speaking for our constituents. (*Sir Deva Prasad Sarvadhikary* : "Nor are we.") The poor that will be affected have no voting power and, therefore, we can only find their views out by inquiry. I have spent some little time in making these inquiries from the man in the street. They tell me that salt has risen slightly during the last two months—they are not quite certain when—but during the last two months it has risen. I asked them the reason for the rise, the answer I got was that they supposed the dealer is trying to make a little extra profit. Well, I said, why don't you kick up a row? The answer I got was : It is such a small item in our expenditure ; why should we? People talk about the deficit as if it was a paper transaction. I mentioned in my previous speech on this occasion that I regard the deficit as another method of putting a burden on the poor. I referred to the evils of inflation which means that a rupee buys less than previously. The Honourable the Finance Member has referred to the permanent impost, a deficit will make on the new loan which we hear from telegrams from Home will be shortly floated. The rate of interest, and the price at which that loan can be issued depend largely, I desire to warn Members, on their action to-day. Now, Sir, both sides—and I stand in a position here from which I can observe both sides—have not put any alternative proposition to the salt tax which has found general acceptance either on the one side or the other. Why is that? Not I submit, because there has been no desire to effect a compromise. Not I submit because we have not the ingenuity to suggest an alternative. But simply because no alternative exists. (*An Honourable Member* : "Retrench.") Year after year, the salt tax has been proposed and defeated. We have retrenched,

we have put up, before we put up for the salt tax, all other taxes to the point at which to raise them further would mean less revenue. And, when finally we come to salt, obviously because it is final, there can be no alternative. It has been suggested that this salt tax is in the nature of poll tax collected in its simplest form. I see no objection at all myself to that definition. It has been suggested that it presses equally on the rich and the poor. It is not intended at all to press on the rich. It is very much in the nature of poll tax levied on every inhabitant of the country, and as regards the rich, as we all know other forms of taxation are resorted to and I have it on the authority of my friends on the right from Bombay, that some of these taxes have reached the limit. If Members like to have something to think about during a very well earned recess, which will shortly ensue, I suggest they might seriously consider the question whether low taxation and a low standard of living do not go together and whether perhaps they have not been an evil rather than a good to the country. Well, Sir, we have found it impossible to reconcile the two positions, both honestly held, both held with great conviction, and we have, therefore, what has been called a crisis. My Honourable friend, Mr. Jamnadas seemed to me to hint that, if the salt tax was passed, he was prepared to lead the country in revolution. (*Mr. Jamnadas Dwarkadas*: "I never said so.") He did not say so, Sir, and, I expected his denial, but I beg to inform Members that this salt tax has now been in existence for a month and, if this revolution is to start, it will only start because it is started, not by people who are already and who have during the last four weeks been paying more for their salt. Well, Sir, let us admit the crisis. But let us also admit that crises are normal to a democratic Government and this must now be faced. We are all here, Sir, pledged to work the constitution as we find it—and I think I should be the last man to stand up as an advocate of this constitution—but we are all here pledged to work it. I would like to draw Honourable Members' attention in the Manual of Business and Procedure, to clause 62-A :

"Subject to the provisions of the Act, the Indian Legislature consists of the Governor General and two Chambers, namely the Council of State and the Legislative Assembly."

The Governor General is as much under the constitution as we are. (*An Honourable Member*: Very much above it.") He cannot alter it. He is bound by its rules as much as we are. Mr. Jamnadas said that it was his duty to do all in his power under the constitution to resist this tax. I agree with him if he feels that the tax is a wrong one; but I think he must give to others the same measure of justice as he demands for himself. If the Government had not proposed an amendment in the Council of State to put the tax up to Rs. 2-8-0, they would have deprived our fellow legislators in that House of an opportunity which we had, of discussing whether it should be Rs. 1-4-0 or Rs. 2-8-0. They gave them that opportunity and the Council decided in favour of Rs. 2-8-0, by a non-official majority. Had the Governor General not recommended this Bill a very much more difficult position would have arisen. Now, that we have disagreement between the two Houses, according to the ordinary Bill procedure we should have to wait six months for a Joint Sitting and, therefore, no tax, neither income-tax, the enhancement of customs duties, nor the salt tax, could have been collected, during that time. Personally and speaking entirely from my own point of view, I should

have no objection. Therefore, we should have to wait for a Joint Sitting, which according to the adding of the two votes together, would have resulted in 72 votes to 62, I think, in favour of Rs. 2-8-0. To-day, I do not know, Sir, quite what we are discussing whether we are discussing the salt tax or the constitutional issue. But I think it would be a convenience if we were to refer to it as a salted red-herring. Sir, I have mentioned that I personally would have gone half way. Last year, it will be remembered, I hope, to my credit that I supported my friends on the right in a constitutional crisis on the subject of cotton. I took rather a definite line there, because the crisis, to my mind, was a much more serious one. That duty was open to implications—unjust implications possibly, but not unnatural implications—to which this duty is not open in spite of what Mr. Jamnadas Dwarkdas has said. There is none to gain or to lose by what we are doing to-day, but India herself. Of that there can be no question and every man's vote, I hope, will be cast whether in the one lobby or the other to-day in the interests of India. It is, I maintained, Sir, the duty of every man to exercise his responsibility. This House must not claim a monopoly of responsibility. His Excellency the Governor General has his responsibilities and the Council of State have theirs, and if we are to defend our rights, as I shall always be the first to do, we must admit that there are rights to others, and I think we must fairly abide by the constitution which we are endeavouring to work.

Sir Montagu Webb (Bombay : European) : Sir, I rise to oppose this amendment made by the Council of State in our Finance Bill which has come back to us with a "recommendation" from the Governor General. I do so, Sir, with a very heavy heart, because I can see and understand many of the difficulties which Government have to deal with. I recognise, too, the consideration ordinarily shown by Government to the opinions expressed by this House ; and I do appreciate the magnificent work done by Government for the great benefit and advantage of this country. But on this occasion, Sir, in connection with this Finance Bill, some strange Nemesis seems to have intervened, with the result that we now find ourselves face to face with a situation so complicated, so fraught with danger to the continued successful development of the Reform Scheme that I feel it my duty to do all I can to put matters right before it is too late.

First of all, Sir, I want to recall just for a moment what this House has done in the past in matters of finance. When we first met here two years ago we were told by Lord Chelmsford, the late Viceroy, that the Government of India Act had "closed one era and opened another." His Royal Highness the Duke of Connaught brought us a message of hope and inspiration from the King Emperor, and the Honourable the Finance Member himself said that in this new period this House would have to take upon itself the financial responsibility of carrying on the affairs of this country. Now, Sir, these were not mere words. The financial responsibilities were very real, for in the year that was just ending we found ourselves with a deficit of nearly eight millions sterling. In the new budget which the Honourable the Finance Member then presented to this House we found ourselves face to face with a deficit of nearly eighteen millions sterling taking exchange at 1s. 4d. Now, what did this House do ? This House courageously faced the situation and voted large

increases of taxation in all directions. They put up the Customs duties, they put up the taxes on income, they assented to increases in the Railway Fares, and increases on Postage, in the hope of getting matters straight,—a truly fine record, I submit, for a young democratic Assembly. That was the first year.

Now, take the last year. When we came back to this House twelve months later we found that the anticipated deficit of eighteen millions, notwithstanding all these increases of taxation had become twenty-two millions sterling. Not only that we were once more faced with a further anticipated deficit for 1922-23 of over twenty millions sterling; and once more this House was asked to assent again to an all round further increase of taxation. The House again most courageously faced the situation and once more voted all round increases in Customs duties, increases in Railway Fares, increases in Postal and Telegraph rates, and an advance in Taxes on Income; but they said in effect—"We will not vote any increase in Salt Duty because we think it is the duty of Government to effect retrenchment." Now, once again, I ask you, Sir—could any young popular Assembly in the world (*Rai Bahadur T. Rangachariar*: "Except a submissive one.") have taken a wiser and a more statesmanlike course?

Government recognised the wisdom of this advice. They did not attempt to increase or double the Salt Duty. They went to the other House and said "We will accept the recommendation of the Assembly and we will endeavour to retrench."

Now, what followed? On the strength of a Resolution passed by this House I think in last June or July, a Retrenchment Committee was appointed including six of the finest business brains available, eastern and western. That Committee got to work as soon as possible. So successfully did Lord Inchcape and his colleagues swing their axe that in the course of a few weeks they succeeded in recommending retrenchments to the extent of thirteen millions sterling. That, Sir, was only I think three weeks ago. Very naturally, the Government found it extremely difficult, if not impossible to put all these retrenchments into operation at once. But I must say that Government met the situation with the greatest vigour, with the greatest loyalty to the desires of this Assembly, and they made beyond doubt every possible retrenchment that they thought could be done. And with what result? Could the whole of the Inchcape Committee's recommendations have been carried out next year, there would be no deficit at all and all our difficulties would have vanished. But unfortunately it being a practical impossibility to carry out the whole of these retrenchments in one year, Government had to postpone about two or three millions of them till the next year,—1924; and it is this very sum of two or three millions which they have not been able to retrench in the coming year that produces the deficit about which we have all been talking a purely temporary deficit. (*A Voice*: "No.") I put it to you that that deficit is an office-made deficit and that that deficit need not have appeared at all if the Honourable the Finance Member had so desired. Assume, for example, that the Honourable the Finance Member had been of a little more optimistic turn of mind and had cared to increase his estimates of receipts from Railways, from Posts and Telegraphs and from Income-Tax (as he might

very well have done, for we have got this cold weather the finest crops that India has almost ever had)—had he taken that course, well, things might have been very different. Had he even debited some of our expenditure on roads and buildings on the North-West Frontier, had he spread that over two or three years instead of putting the whole of them into current revenue (as he might well have done for we have paid for a whole war out of current revenues), the situation would have been very different. Had he assented to the proposals made to him for additional taxation, say on silver, or a temporary surtax on Customs, he could with the greatest ease have, by an enormous majority, carried them through this House, and the deficit would have disappeared. But he elected to do otherwise. Finally, if he had appropriated a sum of three or four millions from that over-swollen inoperative Gold Standard Reserve from which he is already taking one million,—if only he had taken another 2 or 3 millions, there would have been no deficit. I ask this House if I am wrong in asserting that this deficit is simply an office-made deficit and that it has only appeared at the will of the Finance Member. And Sir, it is with the object of covering this relatively small and merely temporary deficit of under two and a half millions, that he proposes now to raise four millions sterling by doubling the salt tax,—I say four millions sterling because the salt tax, if doubled, will surely yield six crores of rupees.

Now, Sir, I say unhesitatingly, and with all the emphasis at my command, that the doubling of the salt tax at the present moment is unnecessary financially, and is provocative politically. I have already shown, I think, that it is a mere product of the office of the Finance Department. I go further, and I would urge that rather than raise the political ferment which will be caused by the imposition of a doubled salt tax I would prefer to allow these two millions to dissolve themselves in the coming retrenchments. It may be said in some official directions 'Oh, this would spoil our credit.' Well, Sir, I deal in credit myself. I unhesitatingly deny that assertion. Speaking for myself (and I can claim special knowledge as a practical merchant and financier, as a railway manager and ship manager), I say most unhesitatingly that India's credit at the present day is first class. Throughout the period that this country has been suffering from the most appalling series of deficits on record we have succeeded in raising the greatest loans ever known in the history of India. Does that indicate loss of credit? And now, we are told, Sir, when India's financial and political difficulties are practically over, when we are enjoying a period of splendid crops—now, at this moment when we are dealing with a more or less artificial and temporary deficit we are told that if we leave this small deficit to be wiped out by the retrenchments ahead, our credit will suffer. I say unhesitatingly that those who nurse this belief, are hugging a delusion.

At the present moment the position of this country is economically as strong as if not stronger than that of any other part of the British Empire. It is certainly economically stronger than that of any other country outside the British Empire in Europe, Asia or America. I go further and I say that we are in a position of quite exceptional strength. We are one of the few countries in the world who in spite of our enormous population, can feed ourselves without the slightest difficulty, who can produce enormous surpluses

of valuable commodities for sale to the rest of the world ; and given only a period of political tranquillity in which the peace-loving and industrial millions of this country can get to work on their economic and social development, I say, Sir, that the credit of this country and the future of India are as assured and as sound as those of any country in the world.

Now, Sir, I used the words "given only a period of political tranquillity." It is to avoid all hazard of any disturbance of this period of political tranquillity that I am opposing the doubling of the Salt Duty. Sir, the life of this Assembly is now drawing to a close, and there must of necessity be during this year a certain amount of ferment,— of bubbling up of political activity in connection with the forthcoming General Elections. I ask—Is this the moment, when Members of this House will be seeking re-election, is this a moment when we should discredit them, when we should disarm them, when we should antagonise them just as they are going back to explain to their constituents the success of the work of this Assembly ? Is this the moment to multiply noxious political activities by throwing into the political arena so dangerous a firework as a doubled Salt Duty ? Is this the moment to place a weapon in the hands of ignorant and malicious people who have been persistently hostile to this Government and who have throughout represented that this Assembly is a mere make-believe, a mere "Mock Parliament" to whose views an irresponsible and autocratic Government pay little or no heed ?

Sir, I have finished. I only want to read to this House two small extracts from the records of our proceedings,—one, Sir, by His Royal Highness the Duke of Cannaught when opening this Assembly. He said :

"The principle of autoeracy has all been abandoned. Its retention would have been incompatible with that contentment which had been declared by Her late Majesty Queen Victoria to be the aim of British Rule. It would have been inconsistent with the legitimate demands and aspirations of the Indian people and (*listen to this Sir*) it would have been inconsistent with that stage of political development which they have now attained."

Now, Sir, listen to the second extract—the words of the Honourable the Home Member spoken a few days later. He was introducing the first Budget to this House on the 1st March 1921. He was explaining what a great change had come over the country, and that in future instead of a Finance Member having it all his own way and shouldering all the financial difficulties himself, this House would have to take their share. He then said (this was the Honourable Sir Malcolm Hailey) :

"For the future this House will have to share that (financial) responsibility. If we incur expenditure, it will be under your mandate. If we impose taxation, it will be by your vote."

What is the position now ? We are being asked to assent to unnecessary taxation,—unnecessary financially, provocative politically—and against the wishes of this House. What for ? To fill a relatively paltry, temporary deficit of two millions which will automatically disappear a year later. Sir, when Herod promised the dancing girl anything that she might ask, and when that irresponsible young creature demanded the head of John the Baptist, Herod at once acceded to her request. Now, Sir, how different things might have been,—how different history might have been written if Herod had only reconsidered his promise. Now, I implore my honourable friends of the Govern-

ment Benches to reconsider this matter. No matter what promises they may have made,—no matter what policy they may have decided on,—I appeal to them to reconsider this matter at this stage, because I feel sure that if a little further consideration be given to the situation, wiser counsels will prevail. I cannot believe that the House of Commons, the “Mother of Parliaments,” who has stood throughout the ages for the right of the people to control the public purse, I cannot believe that the Mother of Parliaments will cut the throat of its youngest and most promising offspring merely because it refuses to assent to financial legislation the demand for which rests on no solid and proper foundation.

The Honourable Sir Malcolm Hailey: I have during the last two years had to wrestle in spirit somewhat frequently with this House and I confess I had hoped that during this session I should be sailing on easier seas and that a time of comparative peace had come for me. But this apparently is not to be; for not only does it seem to my Honourable friends here that we are at present engaged in something of the nature of a constitutional crisis, but Mr. Jamnadas Dwarkadas has threatened us that its effects will extend far beyond the financial sphere of my friend Sir Basil Blackett and will invade my own. And so, disappointed in my hopes of personal peace, I must again join battle with my Honourable friends opposite.

Now let me if I may first try to define what is common ground between us. Sir Campbell Rhodes has with great justice pointed out that we have here a proposition which can arouse none of those suspicions which have unfortunately been involved in some of our previous discussion on Budget proposals. What we have put forward here is obviously and patently not on behalf of European trade or commerce, nor calculated indeed to support any European interest. I am aware that Mr. Jamnadas Dwarkadas, somewhat late in the day, has made a suggestion that Whitehall was pressing for the salt tax. Whitehall has become a painful obsession to him. He sees its dark and mysterious influence everywhere. He was unable to give any ground for his suggestion; having no proof himself, he took the simpler course of inviting me to deny the imputation. I can do so honestly; the suggestion was our own. The desire to square our Budget is our own. We put forward the salt tax last year as our own proposition and we have repeated it again this year as our own proposition. The haze of suspicion that he has endeavoured to create can be cleared away as far as that aspect of the matter is concerned. Yet again it is clear that we are putting forward here a proposal which cannot be misinterpreted on the ground that we wish to place ourselves in fresh funds for any forward military policy, that we are yielding to the dictates of a forceful military section to increase the number of our combatant troops or raise our scale of equipment at the expense of an impoverished Exchequer. So much, I say, is to the good; and it must be put into the balance when the final issue is struck. And yet once more it is clear that we are not asking here for fresh funds to support the desire of civil departments to extend their useful but possibly expensive activities. We have many schemes of civil expenditure entirely beneficent in themselves, full of promise for the country, nay essential for the progress of the country; but we are not putting forward a proposal for fresh taxation to finance them. On the con-

trary, we have deliberately refused to consider new expenditure on this account. So much, again, must be admitted on our account ; so much I say must be put into the balance on our side. But I can go further in my analysis of our common ground. It has been admitted that our sole motive here is to re-establish our credit, and as an immediate step to that end, we ask the Legislature to pass—and we can ask it to pass for this year only—a definite increase to our taxation for this year, leaving it when the time comes again, to decide whether or not the increased sources of revenue which will be at our disposal shall be continued and utilised for fulfilling our obligations in regard to the the provincial contributions. I have never heard any suggestion that our motive went beyond this ; and if there is a point of difference between us it lies in the assertion that we have placed too much importance on the immediate balancing of our budget as a means of restoring our credit and that in seeking to get the Legislature to balance it by this particular method we are asking India to bear a burden disproportionate to the value of the financial gain to be derived from the mere balancing of our revenue and expenditure. I think I have stated the present issue fairly on both sides. It may have been that at an earlier stage there were some different issues on the record ; it was then perhaps the case that the Assembly doubted whether a deficit really existed, whether it might not have been met by a more optimistic view of our revenues, whether it might not have been met by some adjustment of our accounts, whether the additional revenue might not have been raised, failing the former solutions, by some different form of taxation. If I do not now discuss these issues at length it is because I regard them as spent. Can anybody in the present state of our export trade and of the troubles in Europe venture to suggest that our Finance Member should again take stock of his revenue receipts and deliberately add to them two or three crores of rupees ? Such action would at this stage be impossible in itself, and in its result, disastrous to our financial credit. Equally impossible is it at this stage to suggest any such wholesale readjustment of our accounts as to cause this deficit to disappear ; for I claim as I have claimed before that if there is to be a readjustment of our capital and revenue accounts it must be of our accounts throughout and not of one selected item. Finally is it feasible now to suggest that there is any alternative form of taxation ? We explored that possibility together. Mr. Seshagiri Aiyar said that we did not come down and consult the House as to alternatives. Sir Montagu Webb said that if we had proposed to increase our customs and our income-tax we should have carried it by a large majority in this House. Yet he knows that this is not the case ; he knows that strenuous efforts were made to find some common ground between us ; he knows that one section of the House was bitterly opposed to any increase in direct taxation, and that another section was equally opposed to any increase in the customs duty. He himself was equally opposed to both proposals. We are told that if we had been firm we might perhaps have carried some of these alternatives through. What guarantee had we ? We had none at all ; yet I must say this on behalf of Government and I will say it with all sincerity, that there never has been a time during the course of these budget discussions when we would not have been glad to have found some common ground of understanding on this question ; there never has been a time when we would not have been prepared to accept any alternative form of taxation.

which would have been accepted by this House at large. The difficulties occurred not with us, and did not lie in our lack of good will or determination; the difficulties occurred within the House itself. I am justified, I think, in dismissing those side considerations and can return to the case as it stands between us now and at this moment, and take up the issue as I have already described it. Is it true, as you say, that we are exaggerating the evils of an unbalanced budget? Is the balance a mere shibboleth? Is it a fetish, a punctilio of finance? Our ground is, that it is an operation necessary to the early restoration of our credit. Sir Montagu Webb says that our credit is sound, that even at the worst, when we had to face those large previous deficits we could raise large sums of money. He goes further, and tells us that even if we leave this deficit uncovered then it does not matter; two hundred million or so of unproductive debt will only be increased by two or three million more. He expressed himself in terms of the greatest optimism of the financial condition of this country and of its future prospects. That is well; optimism is all to the good so long as it does not lead you into neglect of the immediate steps required to secure the results you hope for. Sir Deva Prasad Sarvadhikary took Sir Montagu at his word. As an amateur in finance himself, he spoke with some hesitation, but fortified with the opinion of a business man, he felt that nothing was now required to establish further India's finance and credit. He spoke of that opinion almost as one might speak of the final, definite and decisive opinion of a great consulting physician.

Sir Deva Prasad Sarvadhikary : Something to go upon at all events.

The Honourable Sir Malcolm Hailey : I will show how much. These physicians like ordinary mortals have their inconsistencies. Sir Montagu Webb will forgive me—I have known him much longer than any Member of this House—I am an old friend and he will forgive me therefore if I handle him as I should not like to see others doing. I will remind him that, cheery optimist as it now suits him to profess himself, there have been times when his optimism was not so pronounced in regard to our financial condition. Let me read to him an extract from a speech which he delivered not very long ago only in January last. He has taken the opportunity to quote what I said two years ago; I will be more considerate and will read to him what he said only two months since. He will appreciate its bearing; and if he does not I am sure that others will. “I put it to you that if any one of us here had been running a business on a 30 crores deficit every year for the last five years and somebody were to say to me ‘don’t worry, the position is not very grave,’ I should feel inclined to tell him, ‘get thee behind me Satan’” (Laughter). Sir Montagu Webb has admitted to-day that we had been running on deficits of more than 30 crores; Sir Montagu Webb has said to-day in almost exactly the same words “don’t worry, the position is not very grave.” Mere politeness demands that I should follow him and say “get thee behind me, Satan.” (Laughter). Sir Montagu Webb cannot persuade us that we can meet the situation by taking into ourselves just a little balm of optimism. I appeal from him to other business men. I quote to the House (since we are all fond of quotations to-day), what was said by that important body of merchants who attended on a deputation on His Excellency the Viceroy only last summer. It was equally representative of European and Indian Chambers of Commerce.

They stated, and with the utmost conviction, that until India could balance its budget, and make its expenditure equal to its revenue or its revenue equal to its expenditure, we should be paying more for our money, our industries would suffer and the whole course of trade in India would remain insecure and uncertain. That was their lesson; and it is that lesson which I quote against Sir Montagu Webb. With some regret I must warn the House not to accept as an infallible guide, a thinker so inconsistent that he could sign the Fiscal Commission Report in one sense, and advocate almost exactly the opposite conclusions before the Associated Chambers in Calcutta. It may seem that I am attempting only to attack the opponent's advocate. That is not so, I am pointing out to the House that it should not place too great a reliance on the confident and optimistic suggestions of Sir Montagu Webb either about our present situation or about the effect of failing budgeting for a balance.

Let me take for a minute the question of our credit as I see it, and I shall be very brief on the subject. It is not merely a question of restoring our credit in the money markets of the world; it is also a practical question of immediate importance to everyone in India. As we have always pointed out here, as long as we are in deficit, we have to come to the market for large temporary loans. We lose our control over interest rates, and that affects everybody engaged in commerce or industry in this country. I go further than this and I say that the balancing of our revenue and expenditure is necessary if we are to have security from the possible prospect of inflation. It is true that a small deficit does not mean in itself the issue of a large number of unbacked notes. That is true, but no one doubts that continued deficits do in some form or other, directly or indirectly, spell inflation. Again, distasteful as the means may be, our ultimate aim must be to bring the rupee to an internal value corresponding more nearly to the value of the past, and thus reduce that enhancement of prices which has weighed so heavily on the people. After all the discussions and theories on exchange and currency, there is only one fact, I think, that remains clear, that if your rupee is to be worth anything in the outside world, you must first of all make it worth something in India. It is a misfortune that the remedies necessary to restore an unfavourable position are so often painful, unpopular, provocative of criticism, while the effects are slow, difficult to appreciate, and only come to hand too late to mitigate the criticism which the effort has caused. Yet that is in the nature of things, and a difficult financial situation will not yield to a cheerful bedside manner or homœopathic drops. But if the operation on which we are engaged is distasteful, have we not given our own proof of the earnestness with which we believe in its necessity? If we were engaged in satisfying a mere punctilio of finance, as some Members suggest, or a mere point of honour in regard to our budget position, should we have been prepared on our part to go so far in measures which must have been so extraordinarily distasteful to any Government? It was no small matter for the Indian Government to arrive at a determination to reduce combatant British troops in India and to succeed in persuading the Home Government to accept its necessity. Take again the frontier. I am not going into the rights or wrongs of the question, but we have had to choose on the frontier a policy which many of our advisers here told us is only the second best, and for financial reasons we have been unable to follow the advice of the many experts who would have us pursue

a more thoroughgoing policy. Again we have given proofs in regard to our civil expenditure, for we have carried out reductions which as has so frequently been pointed out here, and not only on this side of the House, will leave many of the departments of the Central Government lifeless and inanimate. Do not for a minute believe that all we have done as some of our amiable critics tell us—is to lop off excrescences.

And now, Sir, with regard to the position of our opponents. They may perhaps be prepared to accept much of what I have said, and may yet nevertheless hold that we are asking them to pay too heavy a price for the benefits which we are attempting to secure, because the measure in itself will involve such grave political consequences. Is that really so? Mr. Jamnadas is the chief apostle of that theory, an apostle who has already begun to bear the fiery cross. He told us to use our imagination. Sir, I ask him not to misuse his. When he told us that the salt tax is a messenger of revolution, I must remind him that he is misquoting from a speaker in this House in 1921 who told us that each half-penny post card would be a messenger of revolution. That only shows how it is easy to be betrayed into error by the possession of a somewhat facile vocabulary. I myself have been much struck by the arguments used by Sir Campbell Rhodes that for a month people had been paying this increased tax.

Rao Bahadur T. Rangachariar : What do you expect them to do?

The Honourable Sir Malcolm Hailey : What Mr. Jamnadas obviously expects them to do is to rise in revolution on the subject. I say that he has clearly exaggerated the effect of this tax on the people. And just as he has entirely exaggerated its economic effect, he and Sir Montagu Webb have exaggerated the effects on the Reforms of our attempting to force it into law. That there is a deep-seated and long standing sentiment in India on the subject, I am the first to recognise. That there is an old tradition of dislike behind it I equally recognise. But, Sir, that we are by this measure wrecking the reforms I entirely refuse to believe. I do not for the moment intend to place any stress on the argument which has sometimes been used here that the objections against this proposal are based on apprehensions concerning the approaching elections. I should consider it unfortunate if I had to use such a charge when better arguments will serve my turn. Actually the point of attack has changed. It is not now the tax itself which is going to impose such hardship that we have to fear agitation or danger to the reforms; to-day the real charge is that we know that we cannot get it through this branch of the Legislature, and are preparing to use the special powers of the Government of India Act to secure our ends. That is unconstitutional, and that is the danger to Reforms. If, says Mr. Jamnadas, you cannot get this tax through your Legislature, then you should make no further effort to go on with your proposal. If you use your reserved powers you will break down the constitution because, though the law contains certain safeguards and exceptional provisions, we have always been telling the people that these are paper provisions. What authority had he for preaching that it was intended that these powers should be paper provisions? Certainly not the Parliament which framed them, or the Joint Committee which recommended them to Parliament, and I cannot remember that the Congress of other witnesses

before that Committee ever suggested that the reserved powers should be kept only for show and not for use. If this measure is really essential for British India, and if it is refused by an adverse vote (and it may be only a small deciding vote) of this branch of the Legislature, then I say that the use of the reserved powers would be entirely within the terms of the constitution, as handed to us by Parliament. (*Mr. T. V. Seshagiri Aiyar*: "Not the letter of the law." *Mr. Jamnadas Dwarkadas*: "Refer to Mr. Montagu's speeches.") If Mr. Montagu ever said anything which will prove that the position which I am now putting before the House is an incorrect one, I should be glad to hear it. For what is this exceptional provision meant? In every country, even the most democratic, the Executive must have the final power as it has the responsibility, of carrying out measures necessary for safety or stability. As far as possible and as long as possible, we must carry the Legislature with us. In England or elsewhere we should do so by the assistance of our majority in the Legislature; in India the reservation of the Governor General's powers is meant solely for this; that in the last resort the Executive Government may be placed in the same position as a Government possessing a majority in a representative Assembly. Now, that is its meaning, and the whole question is not whether the Government has or has not the right to use such a power, or is guilty of arbitrary executive action in using such a power but whether the occasion justifies it. The true test is whether a Government with a majority would not, in spite of a certain unpopularity likely to result from the exercise of its vote, feel that the occasion justified its use. Now, I maintain that the occasion does justify it. I maintain that if we do not take the occasion now to restore our finances when we have had two good harvests, when prices are falling and people are in a position to bear the increased tax without the slightest hardship, it is impossible to conceive circumstances in which such powers can legitimately be used. I say again, that the real question is not one whether we shall be acting constitutionally or not; we simply have to judge as to the sufficiency of the occasion. And I claim that the occasion has arisen. (*Honourable Members*: "No, no,") And the occasion does justify the use (*Honourable Members*: "No, no.") Well, Sir, that is the feeling of my Honourable friends. I am glad to have brought them back at all events to the point that it is a question merely of the merits of the occasion that there is no suggestion that the use of the powers is unconstitutional. But, they will say, even if it is constitutional, it is dangerous and undesirable, for used at this juncture it will endanger the success of your Reforms. I have no belief that this will break up the reforms. I myself am too much interested in them to view with equanimity anything which would have that result. I have equally too robust a faith in their inherent vitality to think that an incident of this kind would bring disaster. They have weathered far worse shocks than this; they will weather more still. That there would be troubles ahead of us we knew, just as we know there are anomalies involved in the Reforms scheme; but those of us who believe in it as a whole have been content to neglect those anomalies and to look beyond those troubles, in the confidence that any anomaly or any trouble can be surmounted if the spirit of the scheme is loyally preserved. It is true many in this Assembly are opposed to this tax; they are entitled to their opposition if it is genuinely on the merits, they are not entitled to charge us with breaking the

spirit of the Reforms if we insist on a measure which is not initiated in order to maintain the arbitrary authority of an executive Government but genuinely designed for an object purely for the benefit of India. That the restoration of our credit, the attainment of stability, with all its implications on provincial finance and the possibility of fostering subjects committed to Ministers is such an object, no one can seriously dispute. It is said that this will be the death-blow to the reforms. I myself believe that it is the opportunity of the Reforms. I believe it is the opportunity for the Legislature to complete the work which it has begun, a work which has required great courage and determination on its part and which I am the first and the most willing to recognise. I believe it is not only the opportunity for the Legislature to complete that work but to show that it can revise old traditions of thought and old beliefs in the light of new requirements, that if it has in view an object of real value for the good of India, it can be strong and independent in that view. If so, it is an opportunity for it to increase its status in the eyes of the world for that status must in the long run depend not on the unsubstantial basis of its aspirations but on the sure and solid foundation of its achievements.

Mr. President : The question is :

“ That this Assembly do agree with the Council of State in the amendment that in sub-clause (1) of clause 2 of the Bill, after the words ‘ construed as if ’ the words ‘ with effect from the first day of March, 1923 ’ be inserted and for the words ‘ one rupee and four annas ’ the words ‘ two rupees and eight annas ’ be substituted.”

The motion was negatived.

5th February 1923.

THE CRIMINAL LAW AMENDMENT BILL.

The Honourable Sir Malcolm Hailey (Home Member): I have to introduce :

“ The Bill further to amend the Code of Criminal Procedure, 1898, the European Vagrancy Act, 1874, the Indian Limitation Act, 1908, and the Central Provinces Courts Act, 1917, in order to provide for the removal of certain existing discriminations between European British subjects and Indians in criminal trials and proceedings.”

The Bill has already been introduced by publication, and therefore under the rules I have not to ask for the leave of the House to introduce it. But the circumstances are so unusual and I myself feel the occasion in some sense to be so momentous that I cannot content myself simply with laying the Bill on the table of the House. There is possibly no question on which European and Indian feeling in this country has been more divided than in regard to the maintenance of racial distinctions, as we use the term, in criminal trials. There is no question on which antagonism has been more pronounced. To me therefore this is not merely a question of revising a chapter of our Criminal Procedure Code; it is not merely a question whether we should attempt a formal improvement of procedure in a sphere of justice, where, it is alleged that justice has often broken down. These may be important objects in themselves; but the character of this Bill transcends them; there are aspects of the question which bring it almost to a different plane. I would

ask the House to consider with me all the circumstances of the case. I shall not attempt to go into the long history of the conflict between the communities on this question; nor need I revive memories of the embittered controversy of 40 years ago. That is past, and those memories had best stay in the past which holds them. But I emphasize this fact only, that for 40 years we have made no movement designed to bring us together on a question the solution of which is vital if we are to secure understanding and good will between the two communities. Other barriers which seemed irremovable have yielded; and claims which at first seems impossible have been conceded. But here we have stood fast. To the Indian the retention of the trial privileges of Europeans has appeared to be the wanton assertion of a claim of superiority on the part of one race over the other. If that seemed inexcusable in itself, it was aggravated by the general belief, supported in some cases by statements of judicial authority, that the retention of these privileges had on occasion led to a complete denial of justice. If that has been the Indian view, we ought at the same time to remember what the European view has been. To Englishmen there is no more deeply-rooted tradition than that of the inviolable right of trial by a jury of their own countrymen. Further than this, a large portion of our English population out here does not come to India of its own choice, for those who are in the British Army in India are drafted here in the course of their military service. Then again you must also remember that there have been occasions, some of them unfortunately in the not distant past, when racial feeling has run so high that Europeans here might well be justified in believing that there was a danger that false prosecution, tainted evidence and social pressure on the Indian Magistracy, might involve a real denial of justice to them.

But I do not wish to enlarge on the picture as it appeared to one side or the other. I can speak to-day of the case as it stands to-day, and not as it stood in the long yesterday. For to-day, for the first time in 40 years, we have the earnest of a solution of this question. The House knows well the stages by which we have proceeded to this Bill. It is not a Government proposal; it is based on the recommendations of a Committee as representative, as impartial in temperament and as skilled in law as we could ever hope to attain. There were only three officials on it; one, I regret to say, no longer an official of the Crown, though I think the Crown has no more loyal friend. Much as India owes to Sir Tej Bahadur Sapru, not the least of its debts will be to him as Chairman of this Committee; and much as the Committee itself was indebted to his legal acumen and great knowledge of the law, his greatest contribution was the sense of moderation and of equity with which he guided its deliberations. There were on that Committee in all six Europeans, nine Indians and one representative of the Anglo-Indian community. Their final conclusion was admittedly a compromise. While it proposed to withdraw many of the exclusive privileges enjoyed by the European British subject, yet on the other hand it sought to improve the position of Indians generally in regard to criminal trial procedure. Whatever the fate of this Bill, yet the report of the Committee is in itself a great achievement; history will recognize that it exhibited a spirit of tolerance and a sense of moderation rare in the affairs of life and perhaps unique in the annals of India. All honour is due to the representatives of two communities which could arrive at a common

understanding on a question with such a past, so pregnant with difficulties and so rife with points of difference.

We have translated that understanding into our Bill. There are of course some exceptions; the House knows them, and I do not wish to dilate on them save in two points of importance. If His Majesty's Government have been unable to agree that Dominion subjects should be deprived of the status which they now enjoy in common with the European British subject, and if in addition they have had to make a reservation regarding the transfer of certain classes of cases to the High Courts, nevertheless I do not think their attitude should be misinterpreted. They have not stood out against the proposals of the Committee in regard to the withdrawal in great bulk of European privileges generally. So far they have followed the common understanding on which the Committee arrived. But as regards Dominion subjects, they had a peculiar and a difficult position. We know well the feelings of India on the subject of franchise and other disabilities which Indians suffer in the Dominions; I think there are few Englishmen in India who do not sympathise with them. But, at the same time I do not think that India can cavil if His Majesty's Government, with an outlook on the essential solidarity of the Empire as a whole—and especially at this time—were unable to accede to a measure which in their belief would alienate the Empire from India, and destroy all chance of bringing into full effect that Resolution of reciprocity to which the greater part of the Empire representatives agreed. Then, again, as regards the reservation in respect of transfer in certain cases of charges against men coming under the Army Act, here also His Majesty's Government stood in a special position. As I have said, the majority of these men come out to India not of their own choice, but because they are drafted here in the course of their Military service. As a result of this Bill they will already be in a position less favourable than that which they enjoy in England under the English Law. It is not unreasonable that His Majesty's Government should seek by this measure of reservation to prevent any discontent which might arise in the British Army owing to the reduction under this Bill of privileges which they now enjoy in offences which do not fall within the special category.

Here then the case now stands. Perhaps the greatest achievement of the Committee is that whereas the present discrimination in trial procedure turns in part on the race of the trying Magistrate, that distinction has now gone. Such privileges as the European will retain will be privileges of procedure only: there will be no provision in our Code which lays down that a European should not be tried by an Indian. That in itself is an advance exceeding even the most optimistic expectations of those who considered the question 10 or even 5 years ago. There are no doubt those who are disappointed that the privileges now enjoyed by European British subjects will not be entirely withdrawn; and there may be others, who while they do not go to this length, are dissatisfied with the details of the Bill. But, is India, for that reason, prepared to reject a measure which shows that the two communities are prepared to arrive at a common understanding on a question which has for many years kept them apart? The solution is not a final one. It offers no obstacle to further advance on the road which has already been

marked out. Indians have evidence that Europeans resident in India are prepared to place a growing confidence in the sense of justice of Indian Magistrates and of Indian Courts. More than that, they have patent proof, for all the world to see, that the European community in order to foster that goodwill with Indians, which is so vital to both communities, are prepared to make sacrifices of principle and to surrender safeguards to which they had hitherto held with great tenacity. Believe me, the sacrifices that they are prepared to make are to them no light ones. I am quite sensible that Indians who have joined in this compromise have also, on their side, felt that they were making sacrifices in that they withdraw their claim for a full cancellation of all privileges enjoyed by European British subjects. But it is just those mutual surrenders that give the understanding its unique value. It is only by mutual surrender that you can ever arrive at a solution of differences which strike so deeply into the life of two communities. Whatever confidence you may have in the ability of India to shape its own course, and ultimately to gain a position in the Empire which will satisfy its own aspirations, no one can doubt that if in that struggle it carries with it the goodwill and secures the co-operation of Europeans in India, the advance will be more rapid and the foundations of its position will be more secure. (Hear, hear.) It is because I feel that this Bill establishes a new landmark in the mutual understanding of Europeans and Indians; it is because I feel that it gives to India so conspicuous an opportunity of showing to the outside world a tangible proof that Europeans and Indians are prepared to work together with a mutual knowledge of each other's difficulties and with a mutual desire to work together in a common understanding, that I commend it to this House. Of all things the spirit of compromise and goodwill is the most elusive. Capture it while you may, and enshrine it in an imperishable form in your Statute Book.

19th February 1923.

The Honourable Sir Malcolm Hailey (Home Member): I beg to move :

"That the Bill further to amend the Code of Criminal Procedure, 1898, the European Vagrancy Act, 1874, the Indian Limitation Act, 1908, and the Central Provinces Courts Act, 1917, in order to provide for the removal of certain existing discriminations between European British subjects and Indians in criminal trials and proceedings, be taken into consideration."

I briefly referred a few days ago, in discussing the programme of business to be laid before the House, to the reasons why I proposed to make this motion. The House will perhaps excuse me if I give those reasons to-day at somewhat greater length. I am sure that I shall be acquitted of any desire to rush this measure through the Legislature. As I said the other day in introducing the measure, it is intended to provide some solution for a controversy which has lasted 40 years; and whatever one's anxiety to see the consummation of our hopes of a solution, whatever the satisfaction of Government at securing the seal of the Legislature on an agreement arrived at between the two communities: yet no one could plead that it is a matter of the highest urgency or that it is of real urgency that we should pass this Act either this week or this month or next. I could not therefore plead that it is necessary to omit the stage of Select Committee and proceed at once to consideration in order to avoid the

lapse of time. Anxious therefore as I was to proceed, I thought it well to discuss with many of my friends in the House the procedure which they would prefer in the matter. I found that there were some who thought that we ought to have a Select Committee; but there were others, and these were in the majority, who thought that no Select Committee was necessary, for the reason that they foresaw in any case a considerable number of amendments. Those amendments, they thought, would come forward whether we held a Select Committee or not, because they were amendments of principle; they were amendments not of detail but amendments affecting the whole basis of the compromise on which the Bill was based. So much for the opinions of my friends in the House. Now, a Select Committee is usually called for and justified when a measure is put forward by Government in pursuance of some end of Government policy. But here we have a measure which is based not on the views of Government but on the recommendations of a Committee on which there were only three Government Members, and the drafting of the Bill to give effect to those recommendations has been all the simpler because the Committee contained so preponderating an amount of high legal talent. Then again, a Select Committee is frequently called for—and again I say it is frequently justified—in order that the press and public of the country may have time to digest a complicated measure, and, if necessary, to formulate its criticisms on the proposals. Now, I have carefully watched the press since our Bill was introduced. I have tried as far as possible to follow also other expressions of public opinion, but our only guide has been the press, for I do not think that we have been addressed by a single public association or public body on the subject. I do not think that I have seen notice of a single public meeting. Our only guide therefore has been the press, and I think I may say that I have nowhere seen a demand that further time should be given for assimilation of this measure. Indeed, it appears to me that the press, having made its criticisms and given its directions to the country as the press will do, has been content to leave the matter there, in other words to await the decision of the Legislature. These are the reasons why I thought that we might well proceed directly to the stage of consideration; I think the public generally will be satisfied that we are justified in doing so; indeed I would not put the motion forward on any other ground.

Now, I come to the Bill itself. If my motion for consideration is carried we shall shortly be discussing amendments which deal both with the principle and the details comprised in the Bill. I have already in introducing the Bill referred to the circumstances in which the Bill was framed, and the light in which we would seek to have it regarded. Important, almost momentous as it is, I said nevertheless that Government did not claim too much for it. We put forward no extravagant estimates of what it achieved. I made it clear that we did not regard it as the sole, or as the final or as a permanent solution of a controversy which had troubled our predecessors so greatly, which indeed they must have felt to be insoluble. We regarded it as an advance, but an advance all the more valuable because it was obtained by way of compromise and of mutual sacrifice. I say all the more valuable, but I feel that the word is inadequate in dealing with an achievement so important, for the fact that those sacrifices have been made by two communities on a matter on which they feel so deeply, is not in itself only a proof that we shall some day

find the solution of this difficulty, but it is more ; it is a proof that there is in this country that temper of statesmanship which will not only help us to see an end of a difficulty such as this, but affords a guarantee that we can face with confidence even greater difficulties in our political future.

I said, Sir, the solution is not final, and perhaps it may not be satisfactory in all its details, but that it is the very essence of a compromise. You could not expect a compromise on a matter affecting two communities so deeply which would leave either of the two perfectly satisfied. And in practical matters of ordinary life, when some great issue is at stake, whom do we choose as our guide and our counsellor ? Do we choose the man who by prudent abatement of part of his demand secures the substance of what he aims at, or do we follow the intransigent, the inflexible, the impracticable man who stands out for every jot and tittle of his demand, until in the end he so frequently loses the whole ? We choose the former, but indeed I do not think I need dilate on this aspect of the question, because, as far as I am able to determine, the public at large has accepted the fact that this was an occasion which justified compromise, and that the terms of settlement does actually constitute both an advance and an improvement. If there has been criticism—criticism, I mean of the type of which we need take account here—if there has been criticism, it turns in main not on the recommendations of the Committee, but on the fact that in certain respects our Bill has modified those recommendations at the instance of His Majesty's Government ; I am choosing my words advisedly, and I say His Majesty's Government and not the Secretary of State. I have seen it stated that it is a matter for disappointment, indeed that it is a matter for resentment, that the terms of the Committee's recommendations have been so modified. I will put the case as clearly and as fairly as possible to the House and I ask the House to judge of what I say with equal fairness. It has been stated—I think I heard a murmur just now which confirms me in saying so—that the instructions we have received on the subject are the instructions of a reactionary Secretary of State, no friend of India. Well, let us have the truth. The instructions which we have received on the matter with which for the moment we are mostly concerned (namely, the position of subjects of the Dominion Governments) are the instructions of His Majesty's Government as a whole, communicated to the Secretary of State as the condition on which he could give the approval which is necessary under section 65 of the Government of India Act. I say, with all sincerity, that I believe that those instructions would have been given by the preceding Government, perhaps by any preceding Government. I do not believe—again I speak with all sincerity—I do not believe that these directions involve any change of policy or any new angle of vision in regard to India. They represent simply the result of a calculation of the balance of advantages of two alternatives in respect to a question of great imperial importance. Let me explore that subject, if I may, for a minute. What is the essence of the demand which was made by the Committee, and which has been so largely made in India generally, that the status which the dominion subject now enjoys should be withdrawn ? Obviously, the demand cannot be motivated merely by a spirit of reprisal, in view of the disabilities which Indians suffer in many of the dominions or the slight which is felt that those disabilities have caused on the name and fame of India. As I say, the motive cannot be merely

that of reprisal, for to legislate as an act of revenge without any consideration of the future advantages or disadvantages of such an act would not be the act of a serious Legislature, and indeed were anybody to put that motive or argue that reason before the Legislature, I should feel that he was deprecating the judgment of the Legislature by doing so. It is of course,—I think this is obvious—it is of course the fact that this demand was put forward as providing an instrument of negotiation, in other words to help to secure the speedy execution of the reciprocity Resolution on the part of those dominions which had agreed to it, and further to help to secure agreement to the Resolutions by those dominions who have not already so engaged themselves. It was, I say, put forward as an instrument of negotiation. The only question which His Majesty's Government had to ask themselves—and indeed which the Assembly will now have to ask itself—is whether that was an effective instrument? What we want to secure is fair immigration laws as applied to Indians and due extension of franchise as regards Indian settlers in the Dominions. The Dominions are independent. You can only secure measures of that kind by two methods, first, by enforcing compliance by a threat of consequences so grave as to cause serious apprehensions to the Dominions affected, or in the second alternative, by persuading the Dominions that it is to their advantage to give way, because your friendship and your goodwill may be of value to them, either on grounds peculiar to them or on Imperial grounds. There is no other way. Yet take the facts. The number of Colonials in this country is so infinitesimal, that if you withdraw their existing rights from them, the only result will be to impose some disability on them; it will certainly not involve consequences so serious to the Dominions that they will on that account feel bound to give way to you in regard to questions on which they feel strongly, namely, immigration and franchise. It is unlikely, then, that this act of legislation would secure any result as a threat, the first alternative is therefore gone. Then, as for the second alternative, namely, persuasion, would it succeed there? Obviously not because it would create an estranged and not an improved atmosphere, and an improved atmosphere is obviously what you require to effect your immediate purpose. Indeed, one might perhaps go further and say not only that the proposed legislation would fail either as a threat or a means of persuasion, but it might have actually another consequence, harmful in itself. It might harden the Dominions in any action they are taking or proposing to take in regard to Indians already settled in their country. In that case, the weapon would have turned in your own hands. Now, I do not ask you to accept the whole of these arguments or conclusions; it is unnecessary for my purpose that I should do so. I only put them forward to demonstrate to the House that such arguments and such conclusions can be held without implying prejudice against India or over-affection for the Colonies or callousness in regard to the claims of Indians settled in the Colonies. If it is held that the arguments or the conclusions are not in themselves evidence of such prejudice, then my case is complete. Obviously the decision of His Majesty's Government is not prompted by any undue desire to support the cause of the Colonies or Dominions as against India, or by any lack of feeling for India itself. It merely involved a decision that, on the whole, present legislation of this type was likely to effect no good and might do harm. And indeed, Sir, I should not be astonished if there were not many thinking Indians

who are now arriving at something of the same conclusion. Now I have dealt I fear at some length, with this aspect of the question, not in order to anticipate arguments that may be raised in the course of the discussion on the amendments, but for one purpose only. I am by no means averse to India protesting against decisions of His Majesty's Government with which it does not find itself in accord. I am by no means averse to this Legislature taking a strong stand, if necessary when it thinks it is being injured by the attitude of the Home Government; but I am anxious that this measure should be treated only on its merits and that its judgment should not be obscured by prejudice derived from a false reading of the attitude of His Majesty's Government. Sir, if I speak further on the Bill, it would, I fear, be trespassing on ground covered by amendments which must be discussed subsequently on the floor of the House. And I shall say nothing more to commend the Bill to the Assembly, for I feel that if a Bill, the primary object of which is to still a controversy, an old and long-standing controversy between two great communities, and which is based on a compromise involving both concessions and sacrifices by the representatives of those two communities, if such a Bill does not commend itself to the Assembly, no words of mine can help, I will only say this in conclusion. Close now the long chapter of the past, take your account as it will stand if you pass this Bill and see what is the result. What shall we have gained? First, we shall have gained a settlement by compromise, an achievement which in itself transcends its details. Secondly, we shall have gained this, that the extent of the special privileges of the European will have been reduced to a minimum, while Indians themselves will have gained an improvement in trial procedure in many respects, for instance, appeals, *Habeas Corpus*, and the like. Thirdly, that we shall have in our new procedure, the provision for appeals by Government on fact as well as law which we hope will prevent some of those miscarriages of justice in important cases of which Indians have frequently complained. Fourthly and I attach equal importance to this, the European having no special procedure of his own, will no longer fail to be interested in the general progress of the administration of justice in this country. Indeed he will be vitally interested in it, and that will be all to the advantage of India. Once again, I wish to advance no extravagant claims on behalf of this Bill. I wish to speak in the language of strict moderation. But if India at large does not regard this advance as solid, substantial, and satisfactory, if it does not press you, its representatives, to carry this measure into law, then indeed the historian of the future might charge it with lack of foresight and political prevision. But I myself have too robust a confidence in the political sense of India to fear any such contingency.

Sir Campbell Rhodes (Bengal: European): Sir, I do not think the House will consider me at all irrelevant on the subject matter we are now discussing if in my opening remarks I express the pleasure of the whole House at the re-appearance on the front Bench of Sir Malcolm Hailey. We trust, Sir, that he will soon be restored to his accustomed health, and I think we all pay our tribute to his courage at rising from a sick bed to come here to do his duty. We miss, Sir, from the front Bench to-day two men, Sir William Vincent and Sir Tej Bahadur Sapru, who played a very important part in the negotiations which have led to the introduction of this Bill, and

I think we want to remember to-day with some gratitude the important part they played. As one of the representatives of the largest body of the community chiefly affected by this Bill I felt that I could not let it pass with a silent vote. When I spoke on the Honourable Mr. Samarth's Resolution in Simla in September 1921, I said that, though we Europeans desired no change, we were not averse to exploring fresh avenues. Well, Sir, those avenues have been explored at great length and at some considerable delay, and the result is found first in the report and then in the Bill now before us. I should not be true, Sir, to my constituents, nor should I be adopting a frank attitude with this House if I were to say that we are entirely pleased with the resulting Bill that is before us to-day. But as Sir Malcolm Hailey has pointed out, it is impossible to please every one in a compromise and our chief dissatisfaction probably centres round the summons cases. At the same time, if we have had to make sacrifices, I shall be the first to recognise that my Indian friends have also had to make sacrifices and have done so with cheerfulness and with a determination that somehow or other we should reach a fair compromise. I should like to pay my tribute, Sir, to that Committee which tackled this subject with so much courage, so much determination, with so great a determination to see that some way should be found out of this very great difficulty which, for the last 40 years, has been in our midst. I have put one small amendment on the paper. Others have been suggested to me, but I have the authority of the largest corporate body of my constituents, the European Association, to refrain from putting any amendments on the paper at all which would go outside the compromise reached by the Committee. We had as our representative on the Committee one of our most distinguished Europeans, a gentleman who is in the inner circle of the European Association, and who, I am pleased to say, will succeed me as President of the Bengal Chamber. There is one right from which we have to some extent been debarred

12 Noon.

in the past, to which I now hope we shall attain under this Bill, I mean that elementary right of every man to be believed to be innocent even though he has been acquitted. (Laughter.) In the debate to which I referred my Honourable friend, Munshi Iswar Saran, whose absence to-day I regret, paid me the compliment of saying that my remarks on that occasion were a sugar-coated quinine pill. I think he paid me more of a compliment than he really intended. Well, Sir, we have the quinine pill without the sugar coating before us to-day, but I hope it will perform its proper quinine functions and abate those fevered passions which have oppressed us these forty years.

Sir Deva Prasad Sarvadhikary (Calcutta : Non-Muhammadian Urban): Sir, I desire to join my friend, Sir Campbell Rhodes, in the expression of our pleasure in welcoming back in our midst the Honourable the Leader of the House after his illness. A few occasions could be more appropriate for his return to the scene of his labours. He is animated with the desire to do contrary to what was done hundreds of years ago by the great Moghul Aurangzeb who was no friend of music—concord—and he forbade it. Some people, who wanted to be sarcastic and humorous at the same time, but did not venture to go direct against the Emperor's wishes organised a funeral party. The Emperor when passing by asked whose funeral it was. The reply was "Sire it is the funeral of concord—music—which the Emperor has destroyed, and

we are going to bury it." The Emperor said "Bury it deep, so that it may not raise its head again"; and concord never more raised its head again in the Moghul Empire. To-day the scene has changed. It is discord of forty years' standing and more that we are asked to bury. We hope we shall bury deep so that it may not raise its head again. I saw therefore that I am glad that Sir Malcolm should be in our midst to assist us in this burial and appeal to us and through us to the country to bury discord deep.

I am afraid, Sir, I am one of those who do view the whittling down of the compromise, so far as it has been whittled down, with what Sir Malcolm calls disappointment and resentment. The two communities agree to make sacrifices but that did not please the supreme authorities, it does not matter to us whether it was what has been called the reactionary Secretary of State, the big brother with his big stick, of whom we have so often heard, or whether it was his big brothers, the big four or the big three in the Cabinet, as according to the time the number may be. They tell us what we should do because section 65 of the Government of India Act is there and gives the Secretary of State certain powers. So far as the Dominions and Colonies are concerned section 65 of that Act has to my mind no bearing, although clause (3) of section 65 has an enormous bearing so far as European British subjects in this country are concerned. The only reason why we should be prepared to accept things as they are presented, is, in the Honourable Sir Malcolm Hailey's language, because this is neither final nor permanent, but is a further temporary compromise. I agree that, so far as the Dominions and Colonies are concerned, we should do nothing now that would jeopardise the future settlement on a satisfactory basis of those differences about which we have had frequent occasions of raising protests in this Chamber and elsewhere. I agree with the Right Honourable Mr. Srinivasa Sastri that retaliation or reprisal of a rank type should be the last arrow to leave our quiver, and, whether that arrow will have to be taken out or not, the near future will show. I do believe that, when the time comes for us to take that arrow out, section 65 of the Government of India Act will not stand in our way.

Sir, I shall not anticipate the motion of which we have notice that the matter should be referred to a Select Committee. I am afraid, if we are to have another Select Committee, it will be in the language of the Standing Order really asking for a recommitment of the Bill to the Select Committee, and I shall await with interest the reasons for which that demand is to be made. (*Mr. N. M. Samarth* : "If it is at all made.") If it is at all made, says Mr. Samarth. I do not know if Mr. Samarth is more in the confidence of Dr. Gour than I am, because I see it tabled on the papers, but I believe, Sir, it will be unnecessarily impeding the burial of that unsightly thing which we have sought to see buried for 40 years. Supposing you do get a Select Committee, how will the matters be advanced? We had Mr. Abul Kasem, Mr. Samarth, Mr. Rangachariar, Colonel Gidney and, last, though by no means the least, Dr. Gour himself, on the former Committee and, therefore, the recommitment to the Select Committee will have to be more than justified. But, I shall not anticipate that for the moment. I believe the whole House, whatever the intensity of feeling on some of the grounds may be, are united that this Bill being the furthest that Government will now possibly go, it will be

best for us to accept it and see what the future will yield. There is acute disappointment on both sides and with those feelings, Sir, I should like to give the motion my support. And in passing, I cannot help feeling, if this Bill is passed, that we shall be having a succession of red letter days, in the language of my friend to the left, who was himself responsible for one red letter day by the acceptance of the principle that, so far as fiscal policy is concerned, India shall be master in her own house. I regret the absence of my revered friend and leader, Sir Sivaswamy Aiyer, who made himself responsible for the motion which resulted in the momentous announcement of His Excellency the Commander-in-Chief not many hours ago. And, to-day, at the instance of my friend, Mr. Samarth, we are considering the rectification of a measure which has been galling to the minds, the better minds of India and its statesmen, who want to bring about a state of things that will make the European and the Indian work hand in hand together. Sir, as I said once before in this Assembly, and it will bear repetition, in the Swaraj which we visualise for ourselves, the Hindu and the Muhammadan have a place, as a matter of right and so has the European. The Muhammadan has been with us a few hundred years more than the European; but the European is here on his own title as the Muhammadan. Therefore, in anything you may do be as circumspect as you can be to see that the friendly relations now growing up between all these communities is in no way jeopardised; and this Bill, when passed, will be a further step in that direction and, more than that, a good step.

Mr. T. V. Seshagiri Aiyar (Madras: Nominated Non-Official): Sir, I may be permitted to join in the welcome which has been extended to the Honourable Sir Malcolm Hailey: He has come in good time to guide us on this important occasion. Sir, no part of the House felt his absence more than we on this side of the House, and his speech this morning shows how cleverly he can sugar-coat a very bitter pill, and therefore, Sir, his presence is very welcome. Sir, I feel myself in agreement with everything that Sir Campbell Rhodes has said, only from a slightly different standpoint. Sir Campbell Rhodes said that he was not quite satisfied with the Bill because as regards summons cases his community did not get as much as was expected from the compromise. From our side, Sir, we also feel that the Bill is not everything that we desire. If the House will remember aright when my Honourable friend, Mr. Samarth, brought forward his motion, that which underlay the Resolution was the fear which has long been entertained in this country that justice is not being meted out to those Europeans who are committing offences against Indians. It is on that ground that the agitation became clamant, that some endeavour should be made to see that justice is properly done. Sir, no doubt my friends on this side and the European members have put their heads together, weighed the pros and cons and have come to a decision which they consider is the only proper solution of the problem at present. As was pointed out by the Honourable the Home Member, this is the beginning of the break in the privilege which we hope may continue and may ultimately result in removing all vestiges of difference between subjects and subjects of His Imperial Majesty. At the same time, Sir, we must say that the compromise is not wholly acceptable to the country from the fact that it does not deal with the crying evil for which the Committee was appointed, namely the removal of all possibilities of miscarriage of justice. No doubt it is

have acquired certain rights along with their European brethren. That is one step in advance. But that is not the real idea which underlay the agitation against the distinction which is found in the Criminal Procedure Code. However, Sir, there is no doubt that a very honest attempt has been made both by the European Members of the Committee and by the Indian Members of the Committee to reach a compromise which would be regarded as the beginning of the removal of all distinctions between man and man in the Criminal Procedure Code and in securing to the accused a proper right of defence and to the persons who have been offended against speedy and sure justice. Sir, in that spirit, I also welcome the Bill which has been introduced. At the same time I cannot help feeling that there has been undue interference by somebody in higher authority with the principle which has been recognised both by the Government of India and the Committee. The Honourable the Home Member referred to the fact that it is necessary to make concessions in order that Indians may receive proper treatment in the Colonies. Sir, I think that is not the proper attitude or frame of mind with which this question should be tackled. The more you concede, the more you will be regarded as timid, as not self-respecting, and as not able to stand on your rights. If we are satisfied that concessions would bring us magnanimity from the other side, generosity from the other side, we shall be very happy to make concession. But we, Sir, are afraid that concessions may be regarded as indicating weakness and may induce those gentlemen to say that they would use violence even in securing the ordinary rights of citizenship by our fellow-countrymen in the Colonies. That is our fear. Otherwise, Sir, we shall be most happy to meet them more than half way if it is possible to secure from our countrymen just and equal rights. It is because we are afraid that this is not possible that we regret that the Honourable the Home Member should have said that the recognition of the rights of the colonials would in any way help to settle the rights of Indians in these Colonies. Sir, although that is our belief, we think that the exercise of authority by the Secretary of State should not be regarded as rendering so futile the fundamental principle as to induce us to throw out the whole Bill. We think that it is absolutely necessary that we should make a beginning in regard to this matter and, so far as I know, my friends on this side of the House are prepared to assist the Government Benches in their desire to see that this Bill is passed, and we would assure the Honourable the Home Member that there is no desire to go back upon the compromise which has been come to by our friends and by their European colleagues.

Dr. H. S. Gour (Nagpur Division: Non-Muhammadan): Sir, as a humble Member of the Racial Distinctions Committee, I acknowledge the compliments paid to that body and to the work done by it. In their speeches Honourable Members have however forgotten that the Bill as presented to this House is not the Bill as recommended by the Joint Committee and I think I must advert for a moment to the vital changes made in the Bill not only not in consonance with the tenor of the recommendations of the Joint Committee but directly opposed to their explicit and express recommendation. We decided that, so far as Colonials were concerned, there was no reason to include them in the definition of European British subjects. We further decided that except as regards people who were employed in the Army and Navy there was no reason why others should be equally exempt or at any

rate equally exempt under the Code of Criminal Procedure generally applicable to the people of this country. We further decided certain other matters regarding summons cases and the right of appeal. I do not wish to refer to these last points, because they will conveniently come up under discussion in the course of the amendments of which Honourable Members have given notice. But there is, Sir, one point upon which we feel and feel strongly, and that is the interference of His Majesty's Government with the unanimous recommendations of the Joint Committee. It has been assumed by the Honourable Sir Campbell Rhodes and by my friend, Sir Henry Stanyon, and others speaking on behalf of the European community in this country that the Joint Committee appointed by the Government of India have given their wise and well-considered decision embodied in the Bill presented to this House. Impliedly, they condemn any extraneous interference with the unanimous recommendations of that Committee. I therefore take it, Sir, that I am voicing the general feelings of the Members of this House when I say that we protest respectfully, but nevertheless emphatically, against the interference of His Majesty's Government with the unanimous recommendations of the Racial Distinctions Committee; and if we accept the decision of His Majesty's Government, it is not because we wish to accept it, but because we feel, circumstanced as we are, that we must accept it. Our acceptance, Sir, is not willing acceptance, and I think this House should make it perfectly clear that it accepts it merely as an *ad interim* decision and reserves to itself the right of reconsidering it at a more favourable opportunity, let us hope, in the near future. Sir, the Honourable the Home Member has pointed out that the feeling in this country against the Colonies is intense and strong. I for myself do not, Sir, recommend the exclusion of Colonials upon those narrow lines. I do so upon the broad principle that those who come here as travellers, as sojourners, as temporary residents, whether Europeans born and domiciled in the United Kingdom or in the British Colonies, may justifiably claim that they, being unacquainted with the laws here, are entitled to be judged by the British laws, or at any rate by the spirit of the British laws adapted to the conditions applicable to this country, and, so far as they are concerned, they are entitled to discriminating treatment; but I fail to understand why any European, whether a British subject or not, who has settled down permanently in this country and made this country his home should claim a right of ex-territoriality. I cannot understand, Sir, why he should say, 'I shall possess all the rights of a citizen of India and all the privileges of a foreign settler.' That, I submit, is the question which confronted us in the Joint Committee, and in my note I have laid emphasis upon this point, but when we found that a way was possible for the reconciliation of conflicting views, we came to terms and compromised in the manner indicated in our unanimous Report. This is my reply to my Honourable and learned friend, Mr. Bakshi Sohan Lal, whose speech I have listened to with great respect, but from whom I beg to differ on the main issue. It is perfectly true that the Joint Committee was appointed by His Excellency the Viceroy for the purpose of eliminating racial inequality. But it is at the same time equally true that this is a compromise arrived at by the representatives of both communities after long and arduous conferences and confabulations, and in which not only the Members of the Committee but

outsiders were from time to time taken into counsel, and the Report of that Committee does not embody merely what may be regarded as their individual views, but the considered opinion of the vast community outside whose representatives were examined and consulted upon these questions. My friend says, 'this is no solution of the difficulty, it is merely perpetuating a racial distinction which this Committee sat to eliminate.' But my friend must not look at every detail of the compromise: my friend as a lawyer must know that if you are to tear up a compromise into its individual fragments and examine each part piecemeal, these pieces would not be found satisfactory, but you must look at the compromise as a whole and see whether the compromise on the whole is not satisfactory to both sides. My friend, Sir Campbell Rhodes, has called this compromise a bitter pill to swallow. Well, Sir, whether it is a bitter pill for him to swallow or for us to swallow, I shall not ask my friend or myself to decide. Each party feels that the other party has had the plums of the bargain, but I think, Sir, whatever may be our differences and our views, the fact remains that both parties have entered into a compromise, and we expect Honourable Members in this House to support us. It may be that we might have got more, it may be that we have lost much more than we should have fought for, but now that the compromise has been arrived at, and that compromise is the foundation for this Bill, we expect, Sir, the support of the Members of this Assembly. The Honourable the Home Member has further rightly pointed out that this compromise must not be regarded as sacrosanct: it is a compromise which would be the foundation for future consideration and further advancement of rights, and as Sir Henry Stanyon with his large judicial experience has told this House, let us examine this compromise, give it a trial, a fair trial, and if afterwards it is found to be weak and unworkable, we shall again re-shape it and re-adjust it so as to suit the changed conditions that may be found necessary in future. After all what do we gain and what do we lose by giving this compromise a fair trial? My friend, Mr. Bakshi Sohan Lal, says either we shall have what we want or nothing at all. I think the Honourable the Home Member has very rightly pointed out that this extreme view is not the view which commends itself to men of practical commonsense. It is not what we want but what we can get that you should strive for, and the question that we have not got all we wanted is, I submit, not the question that should detain this House. The main question with which we are confronted here is that this is a compromise; it has been cheerfully accepted by the very community which has been standing upon its privileges and tenaciously fighting for its rights during the last 40 years. That, I submit, is a great gain. That the vast European community in this country, conscious of their privileges and of their power, should have sat with us and through their spokesman consented to the modifications proposed in the manner stated in the Joint Committee's report is a matter, Sir, for congratulation and gratification. That at any rate shows that that community is prepared to surrender its power and privileges for the purpose of meeting the people of this country half way. That, I submit, is a happy augury of the future relations between the two great communities in this country. We know as well as they know that we cannot advance, be it politically or economically, without the co-operation and assistance of the British people. I therefore submit, Sir, that the fact that in a matter of

this vital national importance the European community in India have voluntarily offered to co-operate with us is a matter for deep gratification. That is a question which my friends who think otherwise should consider for a moment. It is not a question of abstract principles or abstract justice. It is a question, as I have said, of how the two communities can maintain and even advance those friendly relations which have been created by the two communities sitting together, the one surrendering its rights in favour of the other. That I submit is a question which should not be lost sight of in considering this question; it is the underlying principle of this Racial Distinctions Bill.

Now, Sir, reference has been made both by the Honourable the Home Member and my friend, Sir Deva Prasad Sarvadhikary, to my motion for the reference of this Bill to a Select Committee. In tabling that motion I was actuated by a desire to shorten the career of this Bill in its passage through this House. I thought that if we were to sit in a Select Committee, formally or informally constituted, and discuss the numerous amendments of which notice has been given by Honourable Members, we might be able to make more rapid progress. My intention never was and it certainly is not even now to delay by a single moment the speedy disposal of this measure. Now that I feel that the sense of this House is against the reference of this Bill to a Select Committee, I shall be very pleased, Sir, to withdraw my motion. I am very glad that the Honourable Members will be here to decide the several amendments for themselves without giving the Select Committee the trouble of going through them. But before I sit down I once more appeal to my Honourable friends to rally to our support in passing this measure without unnecessary and undue reference to the past. I deprecate, Sir, reference to any controversy of 1882 or of 1833. I ask my friends to bury the hatchet, forget the past and think of the future. Let this be the starting point for an amicable arrangement for the working of the Code of Criminal Procedure, and let it be an augury of the future relations between the people of England and this country.

Mr. N. M. Samarth (Bombay: Nominated Non-Official): Sir, I rise to say just a few words on the subject matter of this Bill. In doing so, may I be permitted to congratulate the Honourable Leader of the House not only on his appearance in the House this morning, but on the weighty, felicitous and statesmanlike speech he made in moving the consideration of the Bill.

Honourable Members will remember that when I moved the Resolution of which this Bill has been the outcome, I appealed to European members to bear in mind the feelings, sentiments and prejudices of Indians in this matter; I appealed to my Indian colleagues also to bear in mind the feelings, sentiments and prejudices of Europeans in this matter. I made that appeal then because I was convinced that no solution which was one-sided was going to be an acceptable solution of the matter. A life of action, if it is to be useful, must be a life of compromise. And when people think badly and oddly of that word "compromise," they fail to ask themselves, what after all is life? Life itself is a compromise. You cannot advance a step unless you meet the conflicting forces around you and draw the resultant.

The resultant itself is a compromise between two opposing forces and as such I hail with gratification the outcome of the Resolution which,—may I say?—I was made the humble instrument by a higher power to propose before the House. I thought that the day had come when the old spirit of hatred must give way, that with the Reforms a new era had dawned, that Englishmen and Indians who had fought in the trenches side by side as comrades were going under the new era to fight side by side, arm in arm, for the progress of this nation towards the goal of responsible Government; and I thought that in the new Assembly, there was the much needed opportunity to appeal to the best feelings and the better mind of England and the best feelings and the better mind of India, in order that we may strive and struggle together on this onward path on a footing of mutual goodwill and understanding.

Well, Sir, there are one or two matters which I may be permitted to refer to. Of course, we, the members of the Racial Distinctions Committee, came to a unanimous conclusion so far as the exclusion of colonials from the definition of "European British subjects" was concerned. But I may assure the Leader of the House that so far as I was concerned, no feelings of retaliation animated me. My point was and is that I am not prepared in India to give to any Colonial any better treatment than is accorded him in criminal trials and procedure in a Crown Colony like Ceylon. If a Colonial does not get in Ceylon any better treatment than a Singhalese in this matter, what right has he to get any better treatment in India? That was the ground upon which I urged the exclusion of Colonials, and not because I wanted to retaliate. I do not believe in retaliation, spite and hatred. But I am afraid that that aspect of the question has not been brought to the notice of the British

1 P.M.

Cabinet. Well, rightly or wrongly the British Cabinet has decided now against us on this point and introduced this little amendment. I do not quarrel over it. After all, as I said, it is a trifling matter. It has been already pointed out that there are only a few people who will be affected by it, and at the same time surely we need not presume that any of them are going to be offenders. Therefore, as a matter of practical politics, we need not now quarrel over it.

There is another matter upon which also there has been a deviation from the unanimous recommendation of the Committee. But that also is a matter which in practice will not be of much difficulty or will not entail any further disabilities. After all, we have provided that these men shall be triable at their option in warrant cases before Sessions Judges and all that is now proposed to be done is that in a particular case, the Commanding Officer will ask the man to be brought before the Sessions Judge. It has been said by Mr. Seshagiri Aiyar that this Committee has not provided against miscarriage of justice. That was the gravamen of the charge. I am afraid, Sir, he has failed to see that we did everything possible to provide against it by way of providing for appeals both on facts and law against both convictions and acquittals. And that is the only safeguard that was needed and we have provided for it. Sir, I do not wish to detain the House any more. I congratulate the Government on having brought forward this measure ultimately, and I trust that the House will, without any difficulty, pass it as it is.

Mr. President : The question is :

"That the Bill further to amend the Code of Criminal Procedure, 1898, the European Vagrancy Act, 1874, the Indian Limitation Act, 1908, and the Central Provinces Courts Act, 1917, in order to provide for the removal of certain existing discriminations between European British Subjects and Indians in criminal trials and proceedings, be taken into consideration."

The motion was adopted. _____

21st February 1923.

Mr. K. B. L. Agnihotri : Sir, I move that :

"In clause 21, after the words 'Magistrate of the first class' where they occur for the first time insert the words 'or of whipping only.'"

Clause 21 refers to section 413 of the Criminal Procedure Code. Section 413 of the Criminal Procedure Code provides :

"Notwithstanding anything hereinbefore contained, there shall be no appeal by a convicted person in cases in which a Court of Session or the District Magistrate or other Magistrate of the first class passes a sentence of imprisonment not exceeding one month only, or of fine not exceeding fifty rupees only or of whipping only."

In this new clause 21 we now provide for appeals against convictions by the District Magistrates or Magistrates of the first class where they pass a sentence of imprisonment even for a period of one month or less but we do not provide any appeal against a sentence of whipping. My object in moving this amendment is to provide such appeal and to lay down that where a sentence of whipping be passed by the Sessions Judge or the District Magistrate or the Magistrate of the first class, the accused shall have a right of appeal against that sentence. It is very hard that such a right to appeal should be left unprovided for in the revised Criminal Procedure Code. It was not made in the past and there is no reason why we should not make it now. Though under the Whipping Act there are provisions that the sentence of whipping could be given only under certain conditions, still there is a likelihood, nay it sometimes happens that the sentence of whipping is given in undesirable cases. Moreover, the sentence of whipping may wrongly be passed or may have been rightly passed, but on appeal the whole order may subsequently be upset! In such cases there is no remedy, because the whipping may have already been administered. Therefore, it is necessary that an appeal should be provided in the case of whipping also, in which case the sentence of whipping would necessarily be postponed till the appeal is decided. In the appeal if the appellate court finds that the lower court was wrong in passing a sentence of whipping or in convicting the accused, that man will escape punishment which would otherwise have been wrongly inflicted on him. I submit that such a provision should be made in this clause providing an appeal against the sentence of whipping also. With these words, Sir, I move my amendment.

Mr. President : Amendment moved :

"In clause 21, after the words 'Magistrate of the first class' where they occur for the first time insert the words ' " and the words 'or of whipping only' "."

There is a mistake in drafting. It is necessary to add those three words to the amendment.

Mr. K. B. L. Angihotri : All right, Sir.

Rao Bahadur T. Rangachariar : (Madras City : Non-Muhammadian Urban) : Sir, I heartily support this amendment. So long as the sentence of whipping is to remain on the Statute Book I think it is a case where an appeal ought to be allowed because you inflict disgrace upon a man. As the Legislature has now provided for appeals in all cases of imprisonment, however short it may be, I think it is but right in a case like this, where serious disgrace is involved, in a sentence of whipping, that we should provide for an appeal. Sir, I heartily support the amendment and I hope the House will approve of this amendment.

The Honourable Sir Malcolm Hailey : As Mr. Angihotri has recognised we are of course not now dealing with a case arising out of racial discrimination. This is an amendment tending to effect what he deems to be an improvement in the general criminal law of the country. He has also himself recognised in addressing the House that his amendment in itself would not effect all that he desires. Under section 390 of the Code it is provided that whipping "shall be executed at such place and time as the Court may direct." That is naturally taken by the Courts as authorising as a matter of practice that whipping should take place as soon as possible. If an appeal is to be allowed, then it is obvious that we must also amend section 390 of the Code ; otherwise the appeal provision would be entirely inoperative. That is to say, the person sentenced would only be able to appeal after the sentence of whipping had been carried out, because the Code does not make any provision for the necessary detention of the offender during the period pending an appeal.

Rao Bahadur T. Rangachariar : Will the Honourable Member read 391? That will provide for it.

The Honourable Sir Malcolm Hailey : That only provides for the case in which a sentence of whipping is given in addition to one of imprisonment. We are considering the case here of whipping only. Cases where whipping is given in addition to imprisonment are of course provided for, but not sentences of whipping only. Now when the Committee considered the question of whipping, as we noticed yesterday, some of the Members thought that whipping as a punishment should be abolished. They decided however on the whole not to recommend that as an immediate step. They considered that public opinion should be invited as regards the punishment of whipping :

"in particular on the question whether the punishment should not be confined to persons convicted of any of the offences mentioned in section 4 of the Whipping Act and also in the way of school discipline to juvenile offenders."

and they went on to say :

".....if.....the punishment of whipping is retained, it should apply to Europeans and Indians alike ; that it should be provided for the same offences ; and that the same classes of officers should have power to sentence to the punishment Europeans and Indians alike, subject always to the provisions of a right of appeal, even where the sentence is one of whipping only, and to the further provision that the execution of the sentence should be suspended pending the disposal of the appeal."

Now, I recognise the sentiments that have been put forward by Mr. Rangachariar in this respect, but I put it to the House, as I did yesterday, that it is better that we should deal with this question as a whole. It will need

consideration in the light of the views of Local Governments, the High Courts and indeed of the public, and I think it should be treated as a whole, particularly as I have pointed out that other consequential amendments to the existing Code will be necessary if we grant a right of appeal.

Mr. P. E. Percival (Bombay : Nominated Official) : Sir, may I just confirm the statement of the Honourable the Home Member, and point out that the existing law goes, if I may say so, even further than he mentioned, because it is laid down in the rulings under section 390 of the Code of Criminal Procedure that a postponement of the execution of the sentence of whipping to a future date is illegal. So that not merely the Magistrate may direct a sentence of whipping should take place at once, but it has been ruled that it is illegal for him to postpone the sentence, when there is a sentence of whipping only and no sentence of imprisonment. Thus, if this amendment is carried, the result would be nugatory ; the Magistrate would order the sentence of whipping to take place at once, and the appeal would be nominal only. Consequently an amendment would be absolutely necessary in section 390, and there is no such amendment in our agenda to-day.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadan) : The Honourable the Home Member is not quite right when he says that the question as to whether a sentence of whipping should be appealable does not involve any racial distinction. He read an extract from the report of the Joint Committee on Racial Distinctions and pointed out a passage in which we strongly recommended that a sentence of whipping should be made appealable, and further pointed out that the sentence of whipping should be abolished and that public opinion should be invited to that end. Honourable Members will remember that in the case of European convicts there can be no sentence of whipping except by a Presidency Magistrate as now. I submit that it would certainly not remove the racial distinction but it will minimise the racial distinction if a person sentenced to whipping is given the right of appeal.

Then comes the question raised by the Honourable Mr. Percival and also raised by the Honourable the Home Member, what provision is there in the existing Code of Criminal Procedure to postpone the sentence of whipping pending the disposal of appeal. I venture to submit that there is a general provision embodied in section 344 of the Code which enables the Magistrate to adjourn the case, from time to time for a sufficient cause shown, and if the accused intimates that he is going to appeal against the finding of the Magistrate inflicting upon him the sentence of whipping, then I submit it would be a good cause for the adjournment of the case for the execution of the sentence. It is perfectly true that the Court may record a finding and abstain from carrying out the sentence. I am asked how. By inditing the order, staying proceedings till the order of the Appellate Court is obtained. My Honourable friend Mr. Percival pointed out the rulings under section 390 which preclude the Court from postponing a sentence of whipping. But he forgets that those are rulings under the existing law which does not allow an appeal against a sentence of whipping, and if we once admit the principle that whipping should be appealable, then I submit those rulings would no longer be good. I submit that this is a question which is integrally connected with the Bill we are considering here and that it will certainly ameliorate the

condition of the Indian convict as compared with the European convict if we allow the former at least a right of appeal. The Honourable the Home Member says that the question of whipping must be considered as a whole. That of course raises the question as to whether a sentence of whipping should not be abolished altogether from the Statute Book, and if it is not abolished, whether it should not be limited to certain specific cases mentioned in section 4 of the Whipping Act. My submission is that that is a large question for which we cannot wait. We have now here a Racial Distinctions Bill and my submission is that while we are considering that Bill we should try and equalise the status of the British and Indian convicts as far as we possibly can, and it is in that view that I support this amendment.

Mr. H. Tonkinson (Home Department: Nominated Official): I merely wish to refer very briefly to the rather astonishing reference made by my Honourable and learned friend, Dr. Gour, to the provisions of section 344. The provisions of section 344 permit of the postponement or adjournment of an inquiry or trial. I do not know whether my Honourable friend desired to suggest that if the Court was about to sentence a person to whipping it should write the order and not sign it and therefore in that case the provisions of section 344 will apply. But in that case there would be no appeal. An appeal only lies from a conviction and there would be no conviction if the judgment was not signed. So soon as the judgment is signed section 344 has no application.²

Mr. B. Venkatapatiraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, I have given notice of a similar amendment. The Honourable Sir Malcolm Hailey stated that there is no racial question involved. With all due deference to him I may state it is adding insult to injury. He has not only allowed whipping to Indians, but he has removed it in the case of Europeans when the Joint Committee reported that they should be dealt with equally. Moreover, they have stated with reference to this very portion which was read out by the Honourable Sir Malcolm Hailey, "subject always"—they have not given any exceptions—"to the provisions of a right of appeal" even where the sentence is one of whipping only. We are reminded more than once that we must not go back on the compromise entered into by both sides and to which my Honourable European colleagues are a party. The unanimous report of the Committee is, "subject alwaysthere should be a right of appeal." The only excuse suggested is how to provide for drafting and other matters. Is it a difficult matter to provide for drafting that a Magistrate who passes a sentence of whipping should postpone it till the appeal is disposed of? In section 390 we have:

"When the accused is sentenced to whipping only, the sentence shall be executed at such place and time as the Court may direct."

Section 391 deals with the execution of a sentence of whipping in addition to imprisonment. Perhaps I may remind the House that when we were considering the Criminal Procedure Bill we have provided section 435 as amended by the Government wherein they say that whenever a petition is put in in the Sessions Court the execution of every sentence might be directed to be stopped till it is disposed of by that authority. I will refer the House to section 435 which we passed only a few days back. Therefore, I urge that if you have

- to give any weight to the joint recommendations and if the Government wish to stick to the compromise entered into by the Europeans and Indians, they should be more magnanimous as to allow at least an appeal even though they may not remove whipping altogether till the matter is inquired into and what is the danger in allowing a person to prefer an appeal before he receives this degrading punishment. The matter will be judged on its merits by the higher authorities. If the Government has not lost all its confidence in the higher authorities there is absolutely no reason why the whipping should not be delayed for a few days and why the amendment should not be accepted by the Government. Therefore every Indian who feels strongly in this matter should unanimously vote in favour of the amendment even though the Government oppose it.

The Honourable Sir Malcolm Hailey : I wish to say a few words by way of personal explanation. I did not wish to interrupt Mr. Raju, nor Dr. Gour, when they were speaking, but it would almost seem from what Mr. Raju and Dr. Gour have said that they thought that I had given the House an incomplete or distorted view of what the Committee had recommended on this subject. Dr. Gour said that their recommendation was absolute. Mr. Raju said that I had departed from the recommendations of the Committee. Now, it is a charge to which I should be unwilling to plead guilty, that I have attempted to mislead the House in any way as to the purport of its recommendations; and it is therefore purely on a personal matter I rise to remove that impression. The clear and explicit words of the report are these. That citation will cover perfectly both what Dr. Gour and Mr. Raju have said :

"The majority of the Committee consider that if after the proposed inquiry the punishment of whipping is retained it should apply to Europeans and Indians alike, that it should be provided for the same offences, that the same classes of officers should have power to sentence to the punishment Europeans and Indians alike, subject always to the provisions of a right of appeal even where the sentence is one of whipping only, and to the further provision that the execution of the sentence should be suspended pending the disposal of the appeal."

I am sorry to have to read this extract a second time to the House; but it will see that it is a condition of the recommendations of the Committee that the public should first be consulted. If after that consultation it is decided that the punishment of whipping should be retained, then their recommendations in regard to appeal and the like would come into force. We are proposing to make that inquiry. The matter will again come before the Legislature and again I say let us deal with the question as a whole and not piecemeal.

Mr. President : Amendment moved :

"In clause 21, after the words 'Magistrate of the first class' where they occur for the first time insert the words "and the words 'or of whipping only'"."

The question is that that amendment be made.

The motion was adopted.

Clause 21 as amended, was added to the Bill.

Mr. K. B. L. Angihotri : Sir, I move that :

"In clause 22, after the words 'three months only or' insert the words 'and or of whipping only'."

Sir, the House has just decided to provide an appeal from the sentence of whipping in cases of ordinary trials. Now this clause refers to summary trials and here also I beg the indulgence of the House to accept the amendment and allow me to provide for an appeal from a sentence of whipping in summary trials as well. I need say nothing further, as the House has already given an indication of its attitude in that respect.

Mr. H. Tonkinson : Sir, it may perhaps appear surprising that after the last vote of this House, one should be speaking in opposition to this amendment, but, Sir, I think it is more surprising that that vote was given, for it is not only one amendment but many amendments of the Code which will be required if an appeal is to be permissible from sentences of whipping only. My Honourable friend, Mr. Hussanally, suggested, 'why not let the man out on bail.' Under what provision of the Code of Criminal Procedure can a man who has been convicted and sentenced to a sentence of whipping be let out on bail? Again, who is going to give bail in such a case?

Dr. H. S. Gour : I rise to a point of order. Is the Honourable Mr. Tonkinson in order in addressing this House upon an amendment which has already been carried?

Mr. President : The Honourable Member will have observed that the reason why Mr. Agnihotri made no speech was because he said that the arguments were the same as on the previous amendment. Mr. Tonkinson is in order.

Mr. H. Tonkinson : Sir, the recommendation of the Committee, as has been pointed out by the Honourable Leader of this House, was subject to the proposed full inquiry into the question of whipping. Now, what, if I may venture to prophesy, is the probable result of that inquiry? It is, Sir, that there will be no cases in which sentences of whipping only will be inflicted. The probable result will, I think, be that the cases in which sentences of whipping may be imposed will be cases that come under section 4 of the Whipping Act, or cases of juvenile offenders, and so far as section 4 of the Whipping Act is concerned, those are cases in which usually whipping is inflicted in addition to sentences of imprisonment, and for those cases we have of course the present provision of section 391 of the Code. I submit that it is impossible reasonably to give effect to the amendment proposed by the Honourable Member without making many other amendments in the Code of Criminal Procedure.

Mr. W. M. Hussanally : I am surprised, Sir, at the statement made by the Honourable Mr. Tonkinson that a man who has been sentenced to whipping cannot be bailed out. In almost every case when an appeal is lodged in an Appellate Court an application for bail is made, and very often the Appellate Court lets out the man on bail pending the decision of his appeal. If that be so, I see no difficulty in an application being lodged for bail in the case of a man sentenced to whipping along with his appeal. And if that is done the Appellate Court has the power to let him out on bail. Further, Sir, I believe that after the last vote the House will only be stultifying itself if it does not vote for this amendment as well.

Mr. T. V. Seshagiri Aiyar (Madras : Nominated Non-Official) : Sir, I am surprised at the attitude taken up by the Government on this subject.

There are only two sections which we are concerned with at present. As regards one of the sections we have provided that in the case of whipping there shall be an appeal. What Mr. Tonkinson now wants us to do is to say that in the other case of whipping there should be no appeal. Is it possible for the House to countenance such an argument? He says we will have to make other amendments in the Code. That we will have to do, and fortunately for us the Criminal Procedure Code amendment Bill has not yet been passed into law and the Government will have time to consider the amendments consequential on this change and to make the Code consistent with what we have done to-day. There are only two sections in this Bill on the subject; as regards one of those sections, we have decided that there shall be an appeal against whipping; and are we going to commit this House to the position that as regards the other section there should not be an appeal? I am astonished at the way the Government has been dealing with this question of whipping. They do not seem to have realized the deep and abiding nature of Indian feeling in regard to this matter. I hope that the House as a whole will accept this amendment.

Dr. H. S. Gour : I desire to say a very few words in reply to Mr. Tonkinson. Honourable Members will remember that when we were discussing the Code of Criminal Procedure several amendments dealing with questions relating to racial distinctions were withdrawn on the ground that they would more appropriately come up under the Racial Distinctions Bill. I therefore submit that when an amendment like the one which has just been passed has been passed by the vote of this House, it is up to the Government to make consequential changes in the Code of Criminal Procedure to give effect to that amendment. I cannot understand the attitude of my friend, the Honourable Mr. Tonkinson, that this amendment should not be passed because, forsooth, some other amendment has been passed and certain consequential changes in the Code of Criminal Procedure would be necessary. Si this passage in our report has been read by the Honourable the Home Member and has been referred to by the Honourable Mr. Tonkinson, and if either of those Honourable gentlemen ever suggested that the Joint Committee on Racial Distinctions left the matter in doubt, let them quell that doubt by referring to the last few lines of their recommendation in which they pointed out that whatever may be the public opinion, one fact is clear and upon that they categorically recorded their recommendation in the following words :

“Subject always to the provision of a right of appeal, even when the sentence is one of whipping only, and with the further provision that the execution of the sentence should be suspended pending the disposal of the appeal.”

I ask the Honourable the Home Member whether he is prepared to give effect to this part of the recommendation of the Racial Distinctions Committee. If he is then I submit he has to accept the amendment which is before this House.

The Honourable Sir Malcolm Hailey : It is a pity that we should have to return again to the controversy as to the exact meaning of the words of the recommendation of the Racial Distinctions Committee. It is not, I think, of any avail to Dr. Gour to read the last part of the sentence and omit the first. I read the whole to the House. I am quite content that the House

should judge on it as a whole ; whether in short I am right in maintaining that the whole of the recommendation in that sentence is subject to the condition which finds a place in the beginning of the sentence, namely, that an inquiry should be made and if after the proposed inquiry whipping should be retained then the consequences referred to should follow. I was of the opinion that we were giving effect to the intentions of the Committee when we stated that we would make the proposed inquiry and that the matter would again be laid before the Legislature after that inquiry had taken place. I am afraid I cannot admit that I have in any way offended against the recommendations of the Committee.

The House however has voted on the previous amendment, and I recognize that it would be of little avail for us to take a division on this second amendment. If Mr. Tonkinson pointed out certain defects in the law, it was only to supply a lacuna in the previous discussion. It was necessary to make it clear to the House that the amendment which they had passed would not in itself effect what was desired. I have no desire to waste the time of the House in taking a division on clauses which I might describe as of a consequential nature. I quite realize that if in the other class of sentences you are to have an appeal, then, in spite of the obvious difficulty of arguing an appeal from a summary decision, you must in logic have an appeal there also. I confess I would have preferred infinitely that the House should have exercised a mature judgment on this question, that it should have had, before it came to a decision, that full inquiry which the Committee desiderated. I regret that it has sought to settle this question piecemeal, for I do not think myself that that is the wisest form of legislation. The House would have been well advised if it had given itself the opportunity of taking into consideration what the High Courts, the Local Governments, and the public had to say on the subject.

However, it has not taken this course, and since it has taken a vote on the previous amendment I do not propose to take a division on the present clause.

12 Noon.

The amendment was adopted.

Sir Campbell Rhodes (Bengal : European) : Sir, the amendment I desire to move is a very small one and I trust that both the Government and the House will regard it as non-controversial. If Honourable Members will turn to page 9 of the Bill, section 30, Chapter XLIVA, they will see laid down in the first paragraph the words "and such Magistrate shall inquire into the truth of such statement and allow the person making it a reasonable time within which to prove that it is true." I wish to insert, by my amendment, in clause 24 in the proposed section 443 (1) after the words "thinks necessary" the words "and after allowing the accused person reasonable time within which to adduce evidence in support of his claim."

In other words, I wish to bring the wording of these two sections into the same form. I think we all desire that there should be as few appeals as possible from the Magistrate and that therefore we should give instructions to the Magistrate to give an accused person time to prove his claim before he comes to a decision as to whether the case is to come on before him or before a higher court. I therefore commend my amendment for the approval of the House.

The amendment was adopted.

The Honourable Sir Malcolm Hailey : I move that the Bill, as amended, be now passed.

I would ask the indulgence of the House for a few minutes. A few days ago when I moved for consideration, immersed as we seemed likely to be at short notice in details arising out of the amendments, I did not take the opportunity of thanking the House for some very kindly references to myself. I do so now, and from a very full heart. We frequently hear it said that this is the last year of this Assembly and perhaps its last session ; and whenever we hear that, we on these Benches have I am sure a feeling of regret. My colleagues here have in the last two and a half years made many friends ; and certainly I can say myself that I have been treated with a forbearance and with a kindness which is altogether characteristic of India, and which to many of us makes service for India not a duty but a devotion.

And now, as regards our Bill—I use that word advisedly, for I have never regarded it purely as a Government measure ; I have regarded it simply as a measure intended to register the agreement between two great communities on a vital subject. If there is any credit due for the passing of it, it is due to those who came to that agreement. I have already paid my tribute to the services of Dr. Sapru. I hope I may be allowed to add here an equal tribute to one who endeared himself to this Assembly, my predecessor the Honourable Sir William Vincent. (Hear, hear.) I should like also, if I may, mention—as they say at the University *honoris causa*—those Members of the Assembly who contributed to that happy result.

I think that the discussions on the amendments have shown that our draftsman and Mr. Tonkinson, the custodian of the inner counsels of the Committee, have well and truly given effect to the intentions of that Committee. We have had but one small difference of opinion on the amendment relating to whipping. The House has taken its own decision on that point, and it, as I fear, the inevitable result will be that persons sentenced to whipping will for the future have a considerable period of anticipation of the pains of whipping before, as well as subsequent experience of those pains of whipping behind. I will not for the moment cavil at what the House has done. For the rest the Bill does, I think, give effect and give good effect to what the Committee decided.

I do not wish to repeat myself nor to say anything again of the great importance which I have attached and which I know the country has attached to this measure. A short time ago I was writing to one who has been honoured here above all others as promoting the cause of Indian reform, and was trying to sum up what we had achieved so far since the Government of India Bill was passed. I said that I could not do so yet. After all the mere enactments of a Legislature or the concrete instances in which the Legislature forces its will on the Executive are not of importance. What is important is the atmosphere in which the Legislature does its work ; the spirit which actuates it, the ideals and the objective which it has in view. I said that I could not yet sum up the results, but that an occasion was coming which I hoped would enable me to do so ; for if the course of the discussions on this question India showed that she had the temper of true statesmanship, that she was willing

to make concessions in order to gain the good will and co-operation of Europeans in the common task of promoting India's political progress, rather than to satisfy her own immediate feelings based on resentment for the past, and if on the other hand Europeans were willing to make sacrifices in order to prove to India that they were prepared not only to recognize the strength of Indian sentiment on this question, but to assist in the solution of India's own difficulties, then there could be no doubt that we shall be able between us to make the reforms a success. For, whatever belief one may have in the future of India, whatever confidence one may have in her future, I have one cardinal article of faith. India may march onwards, but she cannot march alone. If she is to gain responsible Government from Parliament, then she will have no stronger argument than this, that the Europeans resident in India also desire it and are willing to co-operate in its development. If she is anxious to gain an equal position in the Empire, an Empire which is not an agglomeration of States, but is the very embodiment of the British spirit, then all the more will she need the goodwill and assistance of the Europeans resident in India, for if she has their co-operation, then the other component States of the Empire will know that whatever outward form the Government may take, there will be a guarantee that in everything she does, in the spirit of all her enactments and all her actions there will be nothing inconsistent with British standards and ideals. I think, Sir, that by this measure we have gone far to prove that we can gain that consummation. I think that we have shown that Indians on their part realise that they must take Europeans with them in the development of their country in the future—I am not speaking of the past—I am not speaking of what the European services have done for India or what European commerce or industry or engineering or science has done for India in the past—there are abundant proofs of that—I am speaking only of the future. I honestly believe that we can now prove that Indians value the assistance of the Europeans resident in India as partners in the development of their administrative and political problems; that we can equally prove—and this perhaps is equally important—that Europeans on their part realise that it is necessary for them to assure India that they are prepared to take a real interest in the development of purely Indian questions. I think we can prove that; and if we can do so, we are all the happier in the occasion and the time. For it was only one brief year ago when a section of Indian politicians, numerous if mistaken, and persistent if pernicious, were preaching as the cardinal article of their faith racial animosity and racial hatred. We can show to the world that the better India, the India which will count in the future will have none of that, that such feelings do not represent in any sense the real characteristics of the better Indian mind; we can show that the course of India's political progress is not going to be blighted and marred by a persistence of racial animosity.

Mr. T. V. Seshagiri Aiyar : Sir, it is with a sigh of relief that we on this side of the House contemplate the close of this discussion. I do not want to disguise from the House that there have been considerable searchings of heart in regard to this matter. The atmosphere in the country has been tense and some of the Members of the Assembly felt that they have been giving away too much and have been receiving too little. Still, Sir, from the moment that the Bill was introduced there was a feeling that we should go

more than half-way, and that we should as far as possible see that the compromise which was contributed to so ably by the Indian and European members should not in the least be jeopardised. With that feeling we have approached this question. We felt, Sir, that the Secretary of State's interference on one or two matters had put an extra strain upon our loyalty to the pact which had been entered into by Europeans and Indians on this matter; and unfortunate also it was that his interference should have been on a matter on which the country feels very deeply and very bitterly. Sir, in response to the appeal made by the Honourable the Home Member we were prepared to overlook even those objectionable features, and we resolved that we shall do nothing which would have the effect of wrecking this Bill. I hope, Sir, that the Colonials will recognise that in giving way in the manner we have done we have shown the true instincts of a race which has a long and glorious civilisation behind it, and which has shown itself to be capable of showing forbearance, tolerance and dignity, and I hope that the Colonials will recognise that a race which has shown such tolerance and dignity on the floor of this House should be treated far better than they are treating it in their homes. Sir, before I sit down there is only one matter I should like to refer to. If there has been such smoothness in the steering of this Bill, it is due to the able captain at the helm of affairs. There have been troubled waters and but for the Honourable the Home Member and his conciliatory spirit and the way in which he treated the House, the passage of the Bill would not have been so easy as it has been. Therefore, Sir, every one of us on this side of the House want to pay a tribute to his ability and to his conciliatory spirit and to the tact with which he has steered this Bill through the House. There is another matter also which I should like to mention and that is this: having regard to everything that has been said outside this House and having regard to the feelings of our members, I hope that it will be recognised that the Members who have given notice of amendments have shown rare self-restraint, rare tact and a rare spirit to economise time—a disposition which they have not shown in regard to any other measure to the same extent. I hope the House will recognise how dignified the Members have been and how anxious they have been to see that this Bill becomes law, although they felt that some of the features were objectionable. I hope that spirit of the members will be recognised by everybody in this House and outside.

Mr. Jannadas Dwarkadas : I rise, Sir, to further support the motion that the Bill as amended be passed, and, in doing so, I wish to make only a few observations. My Honourable friend, the Home Member, has pointed out that this country, if it wants to make an onward march to the goal of responsible Government, which has been set out for it, cannot do so without the co-operation of the European community in this country. I agree entirely with the remarks that have been made by my Honourable friend, the Home Member. But I wish also to say this that, if the members of the European community in this country had any misgiving about the treatment that they might have at the hands of Indians if political freedom was secured to this country, to them the treatment that the House has given to this measure will, I am sure, be a sufficient indication of the spirit in which Indians will always treat them in future.

One more thing has also emerged from the discussions that we have had on this Bill. While this House has been very careful in seeing that its rights are not trampled upon by any outsider, while this House has always been eager to protest against the interference of His Majesty's Government and the Secretary of State in matters which are entirely our own concern, this House has not been slow to appreciate the difficulties of His Majesty's Government and have given their support to the wishes of His Majesty's Government expressed through their Secretary of State in order that the Colonials may be included in the definition of European British subjects. That is a sufficient indication of the sense of responsibility that this country will always have of its obligation to the Empire and to His Majesty's Government. A happy result has undoubtedly come out of the measure that has been introduced, and one may expect after this that both Europeans and Indians in this country will work together hand-in hand for the political and other advancement of this country. Sir, I support the motion.

Rao Bahadur T. Rangachariar : Sir, it may seem a work of supererogation that I should speak at all after my Leader has spoken. But I have heard some whispers from my Indian friends that the Bill is not all it should have been. Sir, in the concluding portion of my minute on this subject, there is one sentence which I wish to emphasise and that is that the Indian has also gained substantially by this measure. I wish to emphasise that. It is not purely a one-sided bargain, as some friends of mine are inclined to think. Sir, what has been the cause of all this resentment against Chapter XXXIII of the Criminal Procedure Code? It was the ban of distrust of the Indians which was imposed by our Codes, by our own Codes, on our countrymen. Sir, that ban has been completely removed. Do my Honourable friends realise that? Sir, whether he be a Magistrate of the second or third class or of the first class, the ground of exclusion is not on account of his nationality. The Indian has as much right to object to a European Magistrate as the European has to object to an Indian Magistrate. Hitherto, in fact the very worst part of the compromise of 1884 was that simply because Indians should happen to be District Magistrates, you provided a system by which the European could escape the Indian Magistrate by imposing a jury at his will. If the accused so desired, if he had an Indian District Magistrate before whom he had to appear, he could have a jury of his own. Sir, that also has been removed. Now not only the District Magistrate but Magistrates are empowered to try Europeans. So that it was that inferiority which was stamped on my countrymen which we all felt, and I congratulate myself and the House and my countrymen that that ban, that legislative ban, has been removed.

Another thing, Sir, which is of substance to the Indian should not be overlooked. That is the right of appeal,—against every sentence of imprisonment. We know of the degradation it brings,—a sentence of imprisonment. Hitherto, first class Magistrates and District Magistrates could have imposed unappealable sentences of imprisonment. Sir, even an hour's imprisonment you are now entitled to appeal against and thereby remove this great slur which attaches to a sentence of imprisonment. The whole of the Hindu and Muhammadan community look with horror on an unjust sentence of

imprisonment and therefore, Sir, they always demanded that there should be a right of appeal. Whereas the European could have an appeal against any sentence of imprisonment, my countrymen had not that right of appeal, and that has now been arranged for the benefit of my countrymen. To that extent, the Europeans co-operated with us on that Committee, and I am glad that that has been given to us. Therefore, while I admit that still the germ of disease has not been killed, it has been considerably weakened. Its propensities for spreading has been cut short. We have cut this poisonous tree root and branch, but not all the roots. Sir, it depends upon the co-operation of both the communities whether this disease can be killed altogether. Sir, we have given a privilege to the accused person to claim a mixed jury. I do not mean merely the European accused. Both the Indian accused and the European accused are now given the privilege of claiming a mixed jury. Sir, I appeal to them and I appeal to those responsible leaders of both communities to see that this privilege is not often invoked. By inaction alone that should die out. Let there be mutual trust and confidence in each other. Let the Indian consider that he will have justice at the hands of 9 European fellow subjects of his and let the European consider that he will have justice at the hands of 9 Indian fellow subjects of his. Let him not look at the nationality of the Judge or Jury who is sent to try him. For he must appeal to that Greater Justice which must be in the breast of every man who dares to judge his fellow beings. Put him in that position of responsibility. Sir, whether he be a European or an Indian, I am sure he will not be guided by the passions and prejudices of the moment. Therefore, Sir, I appeal to both the communities that these privileges, though they exist in law, let them exist only in name. Let the aid of those sections not be invoked too often so as to bring to the public eye those distinctions that exist between race and race. I may appeal also to the press not to magnify these incidents which occur now and then and to the politicians also the same. Here, Sir, I do not think I can express it in better words than the Home Member has done to-day about the co-operation that is needed between the two communities hereafter, and that all those who inhabit India should consider India their home, not merely a place of residence as hitherto some people have done. Let it be their home. Let India rank first in their minds, in their desires, and every other country afterwards. Then, in that spirit alone we can bring that good which we all desire should crown our efforts.

There are two matters, as I have already stated in the course of my remarks which require to be removed. The European cannot be whipped whereas the Indian can be whipped. I appeal to my European friends that they will put forth all their efforts in the direction of having that inequality removed. That should be done soon, and as regards also the tribunals which can inflict a heavier sentence. I refer to sections 30 to 34. These sections also should be modified so as to prevent Magistrates having the power in certain areas of inflicting those longer terms of punishment which Sessions Judges and Jury alone should be empowered to inflict. In those two matters we had behaved magnanimously to the European because when we were insisting on equality, we could have insisted also on equality in that respect and imposed this on the European. But we dared not do it, for we felt that would be asking for equality in justice. When a thing is unjust in itself, let not all suffer from that injustice

Even if we have to suffer, we thought that we should not include others in the category, and therefore, having regard to the spirit which we have displayed, I hope the whole of the European community will join hands with us and see that that blot is removed. Sir, I do not look upon your presence in the Chair to-day at this hour as a mere accident. I, Sir, look upon your presence in the Chair to-day as the guiding hand of Divine Providence, that a House with an Indian majority and with an Indian Chairman has been able to pass this Bill into law.

Mr. P. P. Ginwala (Burma: Non-European): Sir, in giving my support to this Bill I am influenced somewhat by different considerations from those which have apparently weighed with many of my Honourable colleagues. In not insisting upon the exclusion of the Colonials I am not influenced by such a high and ethical motive as that of magnanimity, for I do not consider that though magnanimity is a very pretty and a very amiable domestic virtue, it ought to be extended to politics, I do not believe that in politics a man is expected to give his right cheek to the man who smites him on the left. In politics the best way to reply to such a man is to smite him on both his cheeks if you can and give an extra one on the chest if possible. If you cannot do that, the less you say about the first slap you received on the face the better. But I admit, Sir, that there are occasions on which expediency is a very good reason for submitting to a state of affairs for which there is no remedy, and speaking for myself, I put my acquiescence merely on the ground of expediency. Retaliation is useful only if it can be effective, and we cannot offer any effective retaliation on this point. It is merely therefore on the ground of expediency that so far as the Colonials are concerned, we have not insisted upon their exclusion from the Bill. We would go a long way to conciliate the goodwill and the regard of our fellow-European citizens in this country and we are proud to feel, that they have joined hands with us in removing after 40 years of controversy an issue which has disturbed the tranquillity of the country. But that argument we are not prepared to apply to the Colonies. They stand on a different footing. But as I say, there is no way out of it and we submit to their inclusion. There are other considerations which have emerged from the history of this Bill some of which are in the nature of lessons which we have learnt, and some of them I intend to utilise in future. The most important of them is the attitude of the Secretary of State himself in connection with this clause about the Colonials. Last year we were told by the Honourable the Home Member, who was then Finance Member, when we said that if military expenditure was not made votable we shall refuse him supplies, that he thought we were extending a threat to him which was not proper. Now, what has the Secretary of State himself done in this case? Not only did he give out a threat but he put it into execution. He said that his sanction was necessary to certain clauses of the Bill under section 65 of the Government of India Act and that that sanction was not to be given unless we submitted ourselves to terms which he could not otherwise have imposed upon us. That is the effect of the conditions subject to which he has given his sanction, and I would like the Honourable the Home Member to tell us whether we should not be justified in following such a high example set by no smaller a person than His Majesty's Secretary of State—that if there are certain constitutional powers vested in us, whether we should not be justified in making proper use of them.

in order to wrest from him or from the Secretary of State something else to which within the letter of the law we would not be entitled? Sir, it has been a splendid precedent for us and for my part I intend to use it and I am going to ask the House to use all its constitutional powers in order to get something from the Government which according to the view of Government we are not ordinarily entitled to. The second lesson that we have learnt is this. What is our position in the eyes of His Majesty's Government if our interests come into conflict with those of the Colonies? We have on this occasion the very great advantage of having the European section of opinion entirely with us. We have got the Government of India with us on this point. We had the unanimous recommendation of a very representative committee on that point. With all these things at our back we approached His Majesty's Government, and His Majesty's Government said, "You may be agreed as much as you like. It does not suit us to agree where the Colonies are concerned." Now, I venture to ask, is that a good impression to create upon the people of this country that even when everybody in this country is agreed upon a certain position, His Majesty's Government should disregard their opinion and their wishes in order that the Secretary of State for the Colonies may be placated by the Secretary of State for India? Would the Secretary of State for the Colonies have taken a view like the view of the Secretary of State for India if the position had been reversed? I say emphatically, "No." And what is more, His Majesty's Government are afraid more of the Colonies than their own people. I will give you a concrete instance. Take the case of our fiscal policy. It is a well known fact, that the Manchester school of politics have been free traders for many generations—I would say at least for 3 or 4 generations. They have had that tremendous influence on the policy of England for their interests were large. They have been able to impose their will practically upon His Majesty's Government. But when the Government of India and this Assembly have agreed on protection, His Majesty's Government throws overboard, so to say, the Manchester interest. On the other hand, where the Colonies are concerned, even before the Colonies have made any complaint they are afraid of displeasing the Colonies, and therefore it is we who have got to surrender in order that the position of His Majesty's Secretary of State for India may not be jeopardised with reference to His Majesty's Government. Another lesson that we have learnt is this. As the Honourable the Home Member has pointed out and we are all agreed, it is to the interests of the Indians to work along with their British fellow subjects in this country and that working together alone they would reach their goal which we have in view and to which the Europeans themselves have committed already and in which we have received at every turn their sympathy and their attention. Again, one thing we have made abundantly clear and that is this, that this House can be depended upon for giving effect to compromises which have been made by representatives of both communities even if the personnel of the particular committee may contain persons who are not Members of this House. I look upon it as a happy augury for the future that compromises arrived at outside should be given effect to by this House if they are in accordance with national views and national ideas. Lastly I will say this, that this House also has distinguished itself. There has been no lack of debating power in the House for it has been proved that the House is capable of

debating for two days a hundred and one points about which there is no controversy, and of coming to the very point with which it had started the debate. I am glad to say that after all in only a short space of two days we have been able to get through a measure for which the Government itself had allowed us three days. With these remarks I give my support to this measure which, as I have said before, brings to a happy termination a controversy which has raged for nearly two generations in this country.

The motion that the Bill, as amended, be passed was adopted.

26th February 1923.

THE INDIAN PENAL CODE (AMENDMENT) BILL.

(AMENDMENT OF SECTIONS 362 AND 366.)

The Honourable Sir Malcolm Hailey (Home Member): Sir, I beg to move that the Report of the Select Committee on the Bill to amend sections 362 and 366 of the Indian Penal Code be taken into consideration.

I need not perhaps remind the House of the circumstances in which this piece of legislation came to be placed before it. It was of course necessary in order to implement the Resolution of the House by which it agreed to adhere to the Convention on what is known (inaaccurately though I retain the term for the present) as the White Slave traffic. We accepted an obligation to legislate on two points, first, to make it penal to procure a minor girl for illicit intercourse by any means whatever and not only by force or compulsion or otherwise; and secondly, to make it penal to procure for illicit intercourse a woman of any age by force, compulsion, intimidation or abuse of authority. When the Select Committee came to examine the Bill, it thought that it was capable of amendment in two respects. They considered firstly that one of the clauses went somewhat further than was required, and secondly, that it was possible to comply somewhat more nearly to the terms of the Convention than the original draft had done. We have explained clearly in the Report of the Select Committee the exact points, to which I am referring. We therefore re-drafted the Bill, but the re-draft in itself has made no change in substance. I see from the amendments which we have before us that the only one point of principle in the Bill (which it has been previously debated in the House) will again come for discussion on the floor of the House. I therefore do not refer to it at this stage; we shall have ample opportunity of discussing it subsequently. At this stage I only move that the report of the Select Committee be taken into consideration.

Mr. M. N. Joshi (Nominated: Labour Interests): Sir, I beg to move the following amendment which stands in my name:

"In clause 3, in the proposed section 366A, for the word 'sixteen' substitute the word 'eighteen'."

Sir, as the Honourable the Home Member has said in his speech, the principle of the amendment which I have moved was discussed in this House last year. The Members will remember that, in the Conventions of the League of Nations.

on this subject, there are two important articles. The first article is intended to prevent traffic in minor girls even though the girl may have consented to sell herself. The second article is intended to prevent traffic in women when there is fraudulent means or violence employed in order to seduce the woman. Now, the difference between the two articles is this. In the case of the first article, even when the girl gives her consent, it is an offence to traffic in such a girl if she is a minor. Therefore, the chief point of importance between the two sections is the consent of the girl. It clearly shows that, in order that the girl should be able to give her consent to sell her body, it is necessary not only that her body or physical functions should have been developed or matured, but it is necessary that her judgment should be also matured in order that she should be able to give her consent for selling her body. Not only that, but it is also necessary that her character is fully developed before she is given the right to consent to sell her body. It is on this ground that I want the House to support my amendment. Now, Sir, when this question was discussed last year, several arguments were brought forward in favour of retaining the age of 16 instead of 18, or 21 which I proposed at that time and which is also accepted by European countries. The first argument used is that in India girls attain to maturity early. Sir, that may be true or it may not be true as regards physical maturity. It may be true in the case of physical maturity, but what we are considering in this section is not physical maturity, we are considering maturity of judgment and development of character. We are considering here whether a girl of 16 will be able to defend herself against fraudulent attempts of other people or not. Whether she is in a position to give her consent to sell her body or not. Therefore, the chief point of importance is not physical maturity at all. The point of importance is maturity of judgment and development of character, and I do not think anyone here will say that in India girls attain maturity of judgment and maturity of character earlier than in Europe. Therefore, I do not know why we should make that difference. Sir, the second argument used was that our social customs differ. Sir, as regards this argument, I know that in India girls and boys marry early. But we have to remember that in this section we are not touching the marital relations between girls and their husbands at all. We are here dealing with the relations of a girl who is being seduced by a person in order that her body may be sold to a third man. Therefore, social customs are not touched here at all. I do not know of any customs here in this country where any people will allow or tolerate the selling of girls on account of social usages. Therefore we need not take into consideration the argument about social customs. We are not violating any social customs even if we increase the age from 16 to 18. Sir, the third argument used at that time by the then Home Member was that in India public opinion may not be in favour of raising that age from 16 to 18. Sir, Government since that time has collected the public opinion in different provinces as expressed by different bodies interested in this question. And, if Government and the Select Committee had given effect to the opinion expressed by the people consulted, Government and the Select Committee would have accepted the amendment which I am proposing. (*The Honourable Sir Malcolm Hailey*: "No, no.") The Honourable the Home Member says "No, no!" I am prepared to prove that I am quite accurate in my statement. Sir, out of the

Governments consulted, the North-West Frontier Province, the Punjab, Bihar and Orissa, Assam, Bombay and the Central Provinces have either proposed the age of 18 or 21. All of these 6 Governments have found that the age of 16 is not the proper age and either the age of 18 or even 21 is the proper age. (*Dr. Nand Lal*: "Not the Punjab.") Even the Punjab. The only major provinces that have consented to retaining the age at 16 are Bengal, Madras and the United Provinces. Sir, in order to convince the House, the House will excuse me if I read to them a few quotations:

North-West Frontier Province.—"The majority of Indian opinion consulted in this Province would appear to favour an age-limit of 18 years, but in most cases the suggestion is offered with diffidence and I am satisfied that a higher age-limit would receive wide support. I consider that in this matter conformity with the practice of other countries is desirable for many reasons and I recommend therefore that the limit be fixed at 21 years."

Burma.—"Subject to anything which other Local Governments may have to urge, the Lieutenant-Governor would be disposed to support Dr. Gour's proposal to compromise by fixing the age at 18—as a first step, if the Government of India are not prepared to sign the Convention as it stands."

Bihar and Orissa.—"The Governor in Council considers that the age of 18 years is the most suitable limit for India to adopt, in view of the fact that puberty is attained in this country at an earlier age than in Europe or America. Under the India Majority Act, 1875, 18 years is the age of majority, except when a guardian has been appointed by the Court."

Assam.—"His Excellency the Governor in Council feels that the matter is one on which Indian opinion should prevail, and the Indian Members of this Government including the Honourable Minister, consider that the Convention of 1921 may be accepted as it stands and the age fixed at 21."

Central Provinces.—"For these purposes the Judicial Commissioner considers that there is no possibility of objection to the raising of the 'age of consent' to 21 years."

Punjab.—"On the whole, the Governor in Council considers an age-limit of 18 years a reasonable compromise, since it has the advantage of conforming with the age of majority as fixed by the India Majority Act, 1875 (Act IX of 1875)."

(*The Honourable Sir Malcolm Hailey*: "Do they refer to this section?"
Mr. N. M. Joshi: "Yes.")

Bombay.—"Opinions elicited indicate strong preponderance in favour of accepting for India age twenty-one adopted by European parties to Convention. Governor in Council concurs and recommends adhesion to Convention without reservation as to a special age-limit for India."

So, these 6 Governments are in favour of the amendment proposed by me and there are only 3 major provinces who are against it. Therefore, on the whole public opinion in India is in favour of raising that age from 16 to 18 and in some cases there is public opinion in favour of raising the age-limit even to 21. Sir, there is moreover an advantage in this. By putting the age at 16 we are only reducing the age of majority by 2. The Act of Majority in India, which is really an Act setting down the age at which the consent of a party becomes valid, lays down the age of 18 and I do not know why in this case we should reduce that age from 18 to 16. I, therefore, hope that, as there is great support for the amendment which I have moved and strong reasons in its favour, the House will accept my amendment.

Rao Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): Sir, this clause gave considerable trouble to the Select Committee. This question was very carefully considered. There are certain aspects of

the question which weighed with the Committee in keeping the age at 16. Honourable Members will notice that this clause runs :

"Whoever, by any means whatsoever, induces any minor girl under the age of sixteen years to go from any place (for the purpose).....shall be guilty of the offence."

It would apply even to the parent making an arrangement for the future happiness of his or her daughter. (Laughter.) Honourable Members may laugh, but they do not realise the unfortunate difficulties which a certain class of people in this country labour under. I mean the *Desadasis*. Daughters of those unfortunate people cannot find suitable marriage. That is, people in caste would not marry those girls. I know, Sir, many a case where suitable alliances have been effected in the case of these unfortunate people in the Southern Presidency, and I am sure it is also common in other parts of the country. (Honourable Members: "No, no.") If it is not, I will confine myself to the case of the South. What happens is, as these girls cannot find wedlock, the mothers of these girls arrange with a certain class of Zemindars—big landlords—that they should be taken into alliance with the Zemindar, and they often lead honourable lives. That is to say, they are husband and wife and the issues of such an alliance have been recognised to have heritable rights in property.

Munshi Iswar Saran (Cities of the United Provinces: Non-Muhammadan Urban): Are they non-Brahmans?

Rao Bahadur T. Rangachariar: I said that this is among a large class of landowners in the South. There are reported cases—Ramamani case is one such—where the issues of such an alliance have been given rights of inheritance to property. Although this is not strictly called marriage, it is still a low form of marriage which is recognised in that community and by increasing the age to 18, you will be preventing these alliances taking place. Honourable Members will remember that under the Hindu Law and under the Muhammadan Law, the age of majority is not 18. The age of majority as 18 has been introduced by the Age of Majority Act only for certain purposes. Act IX of 1875 says:

"Whereas, in the case of persons domiciled in British India, it is expedient to prolong the period of non-age"

The period of non-age under the Hindu law is 16. Honourable Members apparently have forgotten their Hindu law. They have forgotten that under their own system of law under which they are living, but for the Majority Act the age of majority would be 16, and therefore, the Legislature thought fit for certain purposes to extend the period of non-age. So the period of non-age is 16 and it is extended by the Age of Majority Act only for certain purposes. That Act also says:

"Nothing herein contained shall affect the capacity of any person to act in the following matters (namely), Marriage, Dower, Divorce, and Adoption."

So that, for purposes of marriage, the age of consent is 16 under the law as it stands, and under the Muhammadan law it is even less. Under the Muhammadan law, as soon as a girl attains puberty, she is considered an adult. (Mr. Mahmood Schamnad Sahib Bahadur: "Their age of puberty may be even 18.") That is absolutely rare. The period of non-age is still

less. (*An Honourable Member* : "For marriage, not, traffic.") For the purpose of marriage, for the purpose of dower, for the purpose of adoption, even now the age of majority is 16. Does my Honourable friend contend that if in the case of adoption you attribute sound judgment to a person of the age of 16, and for the purpose of marriage you attribute sound judgment to a person of 16, and for the purpose of divorce also you attribute sound judgment to a person of 16, that in a case like this, a girl of 16 should not be presumed to be able to take care of herself? I know modern ideas no doubt. But you have to take circumstances as they are in this country. Can you deny that girls of 16 in this country are able to take care of themselves and that they have got judgment? In fact, does not the law as it stands now trust them with judgment?

Mr. N. M. Joshi : For marriage.

Rao Bahadur T. Rangachariar : Very well. Also for divorce. Please remember that. And also for the purpose of adoption.

Rao Bahadur T. Rangachariar : The Act further says :

"Nothing herein contained shall affect the religion or religious rites and usages of any class of Her Majesty's subjects in India, or the capacity of any person who before this Act came into force has attained majority under the law applicable to him."

Therefore, it certainly applies to certain cases. Why should my Honourable friend stick to 18? He might as well have proposed 21. Does he think that there is such a difference between a girl of 16 and a girl of 18 in this matter?

Mr. N. M. Joshi : Oh, yes.

Rao Bahadur T. Rangachariar : Sir, on the other hand, the danger will be, as we all know in this country, that whereas a girl of 16 or after she has attained the age of 16 may be able to find an honourable alliance, she loses all chance of finding that alliance after she has passed a certain age. I need not mention the details here. It is well-known that girls in this country at the age of 16 are mothers oftentimes of two babies. It is a very common factor to be taken into account ; and, on the other hand, if you enact the section with the age 18 there, even parents cannot (*Mr. N. M. Joshi* : "Sell."). You are not going to provide their livelihood. You may rest perfectly assured that you are not going to improve society by these ideals. It will all look very well on paper. As a matter of fact, you know the impossibility, the difficulties, the practical difficulties, which poor mothers will experience in keeping their girls in their houses. It will all very well no doubt look nice to the outside world. But it will be a dead letter. If you make it impossible for persons to abide by the law, there is no use in creating a law, which must be disobeyed; which will be disobeyed, human nature being what it is. Joshis will not be available in every household to guard the household. Let us remember that. You have to recognise practical difficulties as they exist ; and if you raise the age from 16 to 18, you will be violating your Hindu Law and the Muhammadan Law as to the age of majority. (*Voices* : "No, no.") You may cry 'No', 'no.' I have said what I had to say. If it does not commend itself, by all means do as you please. This is the difficulty which I felt when I yielded not to raising the age from 16 to 18 ; but if that is your will you can impose your will on the law and you cannot impose your will on the household. But that is the danger which you have to guard yourself against.

Sir Deva Prasad Sarvadhikary : Sir, I was waiting for Mr. Rangachariar to bring out what, I am told, was in the Select Committee a legal difficulty, and that is the fact that the age of 16 appears in other portions of our penal law and that there would be difficulty in introducing the somewhat unfamiliar figure of 18 only in this particular place. But here again I say, we are attempting to level up things. When Mr. Joshi's amendment is carried—as I sincerely trust it will be—the next time we take up the amendment of our penal law, the same figure 18 will find place where the figure 16 now obtains. Sir, amiable landlords in some parts of the country, I am told, would probably prefer a lower age than 16. Criminal jurisprudence is replete with cases where such desires have been borne eloquent testimony to, and I do not know whether because of that there should not be a movement towards lowering the age. If what Mr. Rangachariar has referred to amounts to marriage, let it be declared to be so, and marriage is protected. We are having liberalising influences all along the line and if these “honourable” alliances....(*Rao Bahadur T. Rangachariar* : “Not honourable, but alliance.”) I am glad my friend has drawn the distinction now, for I was listening to his speech with care and the word “honourable” does find place there, as the official report will no doubt show. Sir, reference has been made to the Bengal opinion. I am sorry if I cannot support the Government of Bengal there. Without that opinion in my hand, I was almost becoming a little nervous about my Government. But having looked at it again, what do I find there? The Bengal Government says that six bodies were consulted ; four never cared to reply and two, I believe, including the Indian Association, with which I happen to be connected, plead for raising the age to 18. I miss my friend, Colonel Gidney, here ; he would be interested to know that the Anglo-Indian and Domiciled European Association in supporting the Resolution adopted by the Legislative Assembly on the 7th of February, 1922, suggests the limit of 16 years. What can the Government of Bengal under those circumstances do? They had only to voice public opinion as it appeared to them to be on the papers before them, and that is why “the Government of Bengal consider it important that the Government of India should not appear to be forcing the pace or insisting on a standard age in advance of general opinion ; and accordingly they advise that in the legislation the age of sixteen should be taken, and that it should be left to the Legislative Assembly to consider the raising of that age.” That is exactly what we are doing now. Therefore, Sir, I am no longer nervous about my Government. As a good Government, it has simply placed before the Government of India what appeared to be the case on the *kaiki*. Reference has been made by Mr. Rangachariar to the question of violating the Hindu Law. Not many years ago I heard a Maharaja Kumar in Bengal, taking some interest in public affairs and a very loyal gentleman, saying that it is absolutely disloyal for Hindus not to marry widows. What was the basis for that assertion? He said, “Why, the Widow Re-marriage Act has been passed. Widow marriage is legal and it is illegal not to do that which is legal.” In the same way Mr. Rangachariar says the Hindu Law would be violated if we enact 18 as the age for the purposes we are considering because for certain purposes Hindu law declares 16 to be the age of majority. (*Dr. H. S. Gour* : “It does not do that.”) Anyway, British Law for lesser purposes has declared 18 to be the age, for purposes of bartering away property.

Does my Honourable friend say that for purposes of bartering away virtues, the Hindn Law declares the legitimate age to be 16 and that we would be violating the Hindu Law by raising the age for these purposes from 16 to 18? I am sure he will not go as far as that. Then, Sir, with regard to age in the ease of marriage, that is and has always been a moot point. Hindú society is interested in that question and we have recently agreed to say nothing further about it here for the present. But in the matter of marriage, there are protections which do not exist in the present case; is it not common knowledge all over the country that although people are married young, marital functions are suspended to as late in life as possible? There are cases of abuse. There are infant mothers; and there are other abuses. But anyone who knows society, as we know Bengal society, knows that the Bengal mother and the Bengal grandmother take care that abuses shall be as few as possible. Well, Sir, where is the mother, the grandmother and the father and the others who form our marital bureau to take care of the daughter whose virtue is being bartered away at a tender age for the purpose of happiness, as Mr. Rangachariar has called it, for the purpose of establishing an alliance that may be too late after sixteen? I am sorry, Sir, the question of *Devadasis* has been at all introduced here. It has been claimed that the *Devadasi* system is a religious institution which shall not be interfered with and if abuses have grown there, those abuses must be got rid of with a ruthless hand. If what we have heard to-day is the concomitant of the *Devadasi* system, I am afraid Dr. Gour will find more support when he moves in the matter again. The *Devadasi* system is there and if alliances of the kind suggested have to be formed, they will have to be formed at 18 and not at 16 unless marital appearance can be given to that sort of alliance. It has been pointed out by Mr. Joshi that when we are dealing with section 366B, the age is 21. For this purpose, I say what is good enough for outside India is good enough for India also. The present motion however is not for raising the age to 21, it is a compromise at 18, and I think we ought to accept that amendment, if possible unanimously, or at any rate by a majority.

The Honourable Sir Malcolm Hailey : As I am not a malign Madras landlord, and as I do not think I have ever in my life seen a *Devadasi*, and am certainly not in any way interested in the class, I hope I may be permitted to give my opinion on this amendment without incurring a charge of interest or partiality. I wish to explain to the House why I, as a member of the Select Committee, thought that we should retain the age of 16 years instead of raising it to 18. I do not wish to use any arguments based on what I may call a high moral plane; I merely wish to put certain common-sense views before the Assembly. The exact offence which is hereby created is procuration. Now, procuration is not necessarily a continuing offence, nor does it necessarily refer to a trade. I call the attention of the House to the fact that one single act is sufficient to bring a man within the scope of this section. That is to say, if a servant, at the request of a master, calls in a woman to a man's house, for illicit intercourse, then if that prostitute turns out to be under 16 or under 18, as the case may be according as you decide the law, he is guilty under this Act. Now it seemed to me, as I think to some others, that where you are giving so wide an extension to your law, you should proceed with some caution. You are creating a new crime. You are bringing thereby a large

number of people not only under the criminal law, but under police action and prudence dictates that when you do this you should exercise the greatest care. You have to deal again, not necessarily with a cultivated society, but with a law which is to apply all over India, to backward people, even to aborigines. That is to say, if I may frame concrete instances, if a man were to act as a go-between between a Bhil girl and a man who wanted her to go and live with him, and if he was successful in persuading that girl to go and live with that man, then, according to Mr. Joshi, if the girl was under 18, he would fall within the clutches of this law.

Mr. Jamnadas Dwarkadas (Bombay City: Non-Muhammadan Urban): Quite right.

- **The Honourable Sir Malcolm Hailey**: That girl if under 18 might be a mother, might be a widow, and could by no means be described as not having arrived at years of discretion; nevertheless the go-between, it might be the village barber, following the practice in the Punjab, or it might be a woman who was acting as go-between following the practice elsewhere, could be prosecuted under this section if the girl or the widow were under 18 years of age. Then again I was very much influenced by what was said by Burma. Now the Judicial Commissioner of Burma very rightly pointed out that what we were proposing to punish here was not the man who engaged in illicit intercourse with the girl, but the go-between.

Mr. N. M. Joshi: Not if he is innocent.

The Honourable Sir Malcolm Hailey: My Honourable friend may judge between the innocent parties as he likes; I am putting the practical and common-sense view. There are many cases in which a go-between is employed to induce a girl to go away and live with a man whom she may subsequently marry. The immediate purpose, however, is not marriage, and yet that go-between, if the girl is under 18 years of age, will become a criminal and subject to 10 years' imprisonment. This is an immense extension of the possible scope of prosecution and even blackmail. Those instances struck one as indicating a great need of caution in this legislation. Again, when we look at the Indian Penal Code, we find that our law for what seem to be very much graver offences, indicates the age of 16 years as the age of judgment for penal purposes. Take section 372:

"Whoever sells, lets to hire, or otherwise disposes of any minor under the age of sixteen years with intent that such minor shall be employed or used for the purpose of prostitution or for any unlawful and immoral purpose, or knowing it to be likely that such minor will be employed or used for any such purpose, shall be punished with imprisonment of either description for a term which may extend to ten years, and shall also be liable to fine."

Now that is a very much graver offence than what is contemplated here; In this case a man is actually selling a minor for purposes of prostitution. In the case contemplated by our Bill all that the man does is to act as a go-between between a girl of 16 or 18 as the case may be, and the man she is going to live with. Or again, take section 373. There again it is a question of buying a minor for the purposes of prostitution, or for any unlawful or immoral purpose. In all these cases the age of 16 years is laid down as the period at which a girl is assumed to arrive at years of discretion. I say that in view of the existing proscriptions of our Penal Code, it seemed to me illogical

for the purpose of this offence only to raise the age to 18 years, and particularly when this offence in itself was being created for the first time with the result that we should be bringing a very large number of persons for the first time under the criminal law and under police action. We in the Select Committee referred, as Mr. Joshi has done, to the opinions of Local Governments in the matter. Now I was rude enough to put to Mr. Joshi a question whether the opinions of Local Governments which he was quoting referred to this section as drafted or not. He thought they did. I think they do not. What we put to the Local Governments was the question of complying with the Convention generally; and I think that the opinions will show that they viewed the Convention generally as intended to prevent a traffic in girls between different countries. Here we are considering a specific offence, namely, acting as a go-between or procurer between a girl and a man. I firmly believe myself that if this section were put to the Local Governments and they were asked whether, for the purpose not of preventing a general traffic in girls, but of penalising isolated acts of procuring, whether for that purpose the age of 16 or 18 might be taken, then I think their opinion would not be so enthusiastic for the age of 18 or 21 as Mr. Joshi would have us believe. Even as it is, I may point out that in numerous cases, and, particularly I may note in regard to judicial officers, a note of caution has been struck. They obviously felt that the country is not yet ripe for an advance so great as that, and that is my own opinion. I put it that in all social legislation you must make your beginning, but your beginning should be a modest one, because, if legislation is to be effective, you must carry the common feeling of the country with you. Your legislature is nugatory unless you can do so. Your social laws must always be a little in advance of retrograde or uninformed opinion, but do not go so far in advance of it that public opinion generally will not follow you in giving effect to your Code. If you do that you are legislating in vain. Make your beginning; when you have established that beginning, build upon it as the public conscience increases and the public demand grows. That is the true path of social legislation, the one we have followed in Europe, and the one which I commend to this House.

Munshi Iswar Saran : I was rather surprised that the Honourable the Home Member should have uttered a word of caution and warning, because, if we accepted Mr. Joshi's amendment, we would be bringing in a lot of people not only under the criminal law of the land but would also be making them liable to police action. When I found this distrust or mistrust of the police, I wondered to myself if it was the Honourable the Home Member who was making that remark or whether it was some firebrand who, as usual according to some of my Honourable friends was repeating his attack on the police. Sir, the Honourable the Home Member has been very frank. He has told us that he is looking at the question not from the point of view of high morality but from the point of view of common-sense. May I say, Sir, at once with equal frankness that I shall try to look at it more from the point of view of morality than of common-sense, if there be any conflict between morality and common-sense as the Honourable the Home Member implied that there was. Now, the Honourable the Home Member says: "you have to be careful, the country is not ripe." Ripe for what? Where is the evidence that the country is not ripe? Is not the country ripe for the law that a procurer,

go-between, who tries to induce a girl under 18, should be prosecuted and should be severely dealt with? I would like to know the evidence on which this statement is based. The Honourable the Home Member or some other Honourable speaker said, there might be "a widow or a mother" under 18 years of age. Yes, there may be a widow of 15; there may be a mother of 15. Why not reduce the age from 18 to 15? There is no logic, I submit, in support of this view. Then, we are told that in some sections of the Penal Code the age is 16 and it would be illogical to make it 18 here. Might I repeat the observation made by my Honourable friend, Sir Deva Prosad Sarvadhikary, that if we introduce 18 here, it will lead to a change in the other provisions of the Penal Code. Sir, we have been told in very pathetic language, far too pathetic than the occasion demanded, of the unhappiness, of the calamity, that would overtake a particular section in the south of India. Sir, we are not legislating only for that section in the south of India; we have to remember that we are legislating for the whole of India. We are told of alliances that are formed in that particular section of the community. It is, Sir, nothing but concubinage shameful and bare-faced. Are we going to have any sympathy with this so-called alliance? It is said you are violating Hindu law and you are violating Muhammadan law. Sir, the Honourable gentleman is a distinguished lawyer and to that he adds the very unique qualification of being a Brahmin Pandit. I dare not contradict him on a point of Hindu law, but I shall only complain that he has not enlightened an unenlightened lawyer like myself as to how you would be violating the Hindu law by making procurers and go-betweens liable to be prosecuted if they induced a girl under 18 to cruelties of this kind. (*The Honourable Sir Malcolm Hailey* : "Cruelty?") I call it cruelty advisedly and I hope the House will agree with me when I say that a girl who, either by force or fraud or inducement, is made to live a life of shame, is subjected to cruelty unspeakable and horrible.

The Honourable Sir Malcolm Hailey : As the Honourable Member is referring to an interruption of mine, I may remind him that there is no question of fraud or force in the matter; the clause refers to inducing by any means. The Honourable Member is referring to the wrong clause.

Munshi Iswar Saran : That strengthens my case, Sir. So, I submit, Sir, that taking all these facts into consideration, it is very necessary that the age should be raised from 16 to 18. Anybody who tries to trifle with the virtue and chastity of girls under that age should clearly understand that that person, be he a man or a woman, is making himself or herself liable to be prosecuted under the provisions of this Bill which we are considering. I submit, Sir, that, in spite of my friend's dictum, there is nothing in the Hindu law which will be violated by the acceptance of the amendment which has been moved by my friend Mr. Joshi.

Mr. H. Tonkinson (Home Department : Nominated Official) : Sir, I wish to refer briefly to some of the arguments that have been used by several Honourable Members during the course of this debate. In the first place my Honourable friend, Dr. Gour, suggested that because the age of majority under the Indian law was 18, so if a girl of 17 even with her consent was taken away by a Zamindar, the question of her consent was immaterial. I think, Sir, that my Honourable friend is mistaken in that respect. The offence

which he described to us would have come within the provisions of section 366 read with section 361 of the Code, and the age in that case under which the consent of the girl would be immaterial is under the present law 16. Further, my Honourable friend suggested that the age of majority for civil purposes was 18 and he asked how can we reduce this for criminal purposes? Sir, 16 is the age throughout all these sections of the Code. It is the age in section 361, it is the age in section 372 and it is also the age in section 373. As was pointed out by the Honourable the Home Member, the offence which we constitute by this proposed section 366A is really, if I may say so, not such a serious offence as these other offences. Take the case of section 372—selling for prostitution and so on. The present section in fact does not refer merely to cases of procuring for becoming a prostitute. It refers to cases of single acts of sexual intercourse. Then my Honourable friend, Mr. Chaudhuri, suggested that in this section we were punishing a man who induces a girl to go to a place where she may be seduced to illicit intercourse with another person, and he went on to say that the person who seduces her can be punished under another section of the Code. I should like to know what that section is.

Mr. J. Chaudhuri : I did not say that.

Mr. H. Tonkinson : That is what I took down.

Mr. J. Chaudhuri : The object of this Bill is to punish the procurer. For the act itself, for seduction, the Penal Code provides punishment. I should like my Honourable friend to note the difference. It is the procurer who induces such crime, whom it is contemplated to punish.

Mr. H. Tonkinson : My Honourable friend, Mr. Chaudhuri, has now supported my impression of what he said. Section 366 does not deal with seduction nor with the seducer. That section deals with the abduction of a woman. Of course, the case of kidnapping from lawful guardianship with these intentions will also come within section 366. But, Sir, there is no section of the Indian Penal Code at present dealing with the simple offence of seduction. (*An Honourable Member :* "There is in the case of married women.") Of course, if it is a married woman, that is a different matter. Further, references have been made to the suggestion of the Leader of the House as regards the undesirability of increasing the scope of police action. Now, Sir, in making his remarks, I do not think there was ever any intention of suggesting that Government distrusted the police. What was meant was that they would prefer not to place them in positions where they would be subject to increased criticism. That would be the case by such an amendment of this clause as is now under consideration. There is one thing which I should like to read to the House and that is an extract from the report of the delegates of India to the Second Assembly of the League of Nations. The Indian representative at the Second Assembly of the League of Nations was the Right Honourable Srinivasa Sastri. In dealing with the discussion upon the particular Convention in connection with which we are now proposing legislation it is said in the report : "In the course of the discussion Mr. Sastri made it clear that India could not accept the age limit of 21 now proposed for the protection of girls. India's internal legislation fixed this age at 16, and having regard to early maturity in tropical countries, that age could not be expediently

exceeded, while it would obviously be undesirable to have a special higher limit for the benefit of a very limited number of non-Indians." We are following in the Bill the suggestion which was made in the Assembly of the League of Nations by the Representative of India. My Honourable friend, Mr. Jamnadas Dwarkadas, suggests that we must not have any sympathy at all with the procurer. I hope no one assumes that the occupants of these Benches have any sympathy with the procurer. (*Mr. Jamnadas Dwarkadas* : "I never assumed that.") This section, Sir, goes a long way beyond procuring for prostitution and that is the main reason why we think that it is undesirable to increase the age from 16 to 18. My Honourable friend, Dr. Gour, said that we cannot stamp out crime by legislation, but, Sir, we can in this House manufacture criminals and that is what we will be doing (*Voices* : 'No,' 'no.') to an extent which, in view of the conditions in India, gives cause, I think, for very grave concern if we increase the age from 16 to 18 for all the acts which are covered by this proposed section.

The motion was adopted.

9th March 1923.

The Honourable Sir Malcolm Hailey (Home Member) : Sir, I move :

"That the Bill to amend sections 362 and 366 of the Indian Penal Code, as amended, be passed."

The House will remember that when we dealt here with this Bill, which was known as the White Slave Traffic Bill, I did not at the time put the final motion for passing, as we wished to have an opportunity to consider the effect of the amendment which was made in this House, namely, the amendment which raised the age from 16 to 18. I now propose to ask the House to pass the Bill. At the same time I think the change made is one which will require consideration. As will be remembered, we pointed out on a previous occasion that the age in other parallel sections of the Indian Penal Code was 16, sections which in themselves involve what seem to be more serious offences. We desire to have an opportunity of considering with the Local Governments whether it will be possible to allow these two differing ages to stand side by side in the Penal Code. What I propose to do, therefore, is to ask that the Bill be passed, but subsequently to take an opportunity of suggesting elsewhere the provision of a commencement clause which will give us time to consider the effect of the change that has been made. The House will, I think, appreciate my point in this matter. It is inconsistent in itself to have two different ages in the Indian Penal Code applied to offences which may be described as more or less parallel, and it is advisable that we should have an opportunity of discussing with Local Governments whether any other changes may be advisable in the Indian Penal Code before we proceed further in the matter. It is for that reason that I shall propose elsewhere the introduction of a commencement clause. That is a very usual feature in these Bills. We have had to introduce a commencement clause, for instance, in the Bill which the House has just passed. Subject to this understanding, I now ask that the Bill be passed.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadian) : Sir, there is another aspect of the question upon which I should like to address the House.

It is this : supposing this House passes this Bill with the clauses inserted in another place for postponing its commencement to such date as the Governor General in Council may notify. In the meantime the Government of India consult the Local Governments and public opinion on the subject of the other cognate sections of the Indian Penal Code being brought into line with the amendment made in this section ; and suppose the Local Governments and public opinion oppose any changes in those sections. What will then be the attitude of the Government of India regarding the commencement of this solitary section? Will they then never bring it into force at all? If so, the result would be a measure passed by both the Houses and ripe for enforcement immediately might be indefinitely deferred by the executive action of the Government of India. Now, that is a contingency which we in this House should certainly deprecate and we want an assurance from the Honourable the Home Member that suppose public opinion and the local Governments do not support the enhancement of age in the other sections of the Indian Penal Code, what would be the attitude of the Government regarding the measure which is to pass into law with the vote of this House and of the other House? The Honourable the Home Member is no doubt aware that the Government opposed the raising of the age limit and supported its attitude by a reference to the opinions of the Local Governments and certain public bodies. The Local Governments and public bodies who have opposed the enhancement of age under this section are not likely to change their views regarding the enhancement of age under the two or three other sections to which the Honourable the Home Member made reference on the last occasion, and therefore I submit the contingency I have pointed out is by no means a remote one, namely, that it may be that the Local Governments and public opinion may not support the raising of age in respect of the other cognate sections. In that case I should like to have a definite assurance from the Honourable the Home Member that it would not jeopardise the enactment of the measure which we are about to pass.

The Honourable Sir Malcolm Hailey : I should like to make clear the attitude of Government on this subject. It is necessary that I should do so, because Dr. Gour has asked me a definite question on the matter and asked for a categorical undertaking. He asks whether, if as a result of our inquiries from Local Governments and the public it appears that the latter is opposed to any change in other sections of the Indian Penal Code, that in itself will cause us to delay the application of the Bill which is now before the House. I think Sir Henry Stanyon has already given him the answer. It would be impossible for me to give that categorical undertaking for which, he asks. If it really appears that the country at large, when the definite issue in its net form is before it (as it never has been put before it yet) is opposed to raising the age from 16 to 18 in those other sections, 373 and the like, then I think Government would be justified in considering that the House had made an error in raising the age from 16 to 18 in regard to the procurement offences and would be justified in reconsidering the question whether it should give effect to the Bill which is before the House. I may point out that the fact that a Bill has been passed in both Houses of the Legislature, even the fact that it has been passed by an overwhelming majority, which would certainly not be the case in this particular Bill, cannot deprive the Executive Govern-

ment of a certain responsibility in regard to it. If it were made abundantly clear from subsequent inquiries, that the matter needed reconsideration, and that the public voice of the country itself demanded delay and reconsideration, then it would be the duty of the Governor General to refuse his assent to the Act in order that such reconsideration might take place. That position is a perfectly constitutional one ; but is of course one with which I have not desired to confront the House in the past and do not desire to confront the House with now. I have suggested a more reasonable remedy, one which I think, has been approved by speakers this morning, namely, that we should ask the Council of State to put in a commencement clause in this Bill, as we sometimes do in regard to other Bills ; that would give us the opportunity of putting the whole matter before Local Governments and the public in a clear and definite form. I claim that so far the problem never really has been before them. What was before them was a somewhat mixed problem connected with the ratification of the convention to which the representatives of India had agreed to adhere. But we have now a definite Bill, which shows exactly how the matter will stand under the criminal law and enables the public to make a comparison with other sections of the Code. If it appears that there is a general consensus of opinion that the age generally should be raised to 18, then of course we shall take it that the public agrees with the view expressed by a majority of this Assembly. If it appears, on the other hand, that there is a general consensus of opinion throughout the country that the age throughout should remain at 16 then we have very good ground for reconsidering the whole matter. I have stated the case to the House frankly in order that it might be under no misapprehension as to our attitude on this subject. But I can only claim that I think that attitude is a reasonable one in itself.

Mr. President : The question is that the Bill, as amended, be passed. The motion was adopted.

26th February 1923.

THE INDIAN STAMP (AMENDMENT) BILL.

The Honourable Mr. C. A. Innes (Commerce and Industries Member): Sir, I beg to move :

“ That the Bill further to amend the Indian Stamp Act, 1899, be taken into consideration.”

I explained fully, Sir, the facts of this little Bill when I introduced it some days ago, and those objects are also clearly stated in the Statement of Objects and Reasons appended to the Bill. In the circumstances, I beg to move that the Bill be taken into consideration.

Sir Campbell Rhodes (Bengal : European): Sir, I beg to move :

“ That the Bill be circulated for the purpose of eliciting opinion thereon.”

My reason for doing so, Sir, can be very briefly stated. In the early part of last year the Government consulted commercial bodies and Pro-

vincial Governments as to the need for this amending Bill. I believe it is a fact that from the commercial bodies we received the opinion that no change was necessary, and from the Provincial Governments, who naturally take the Scotchman's view that wherever there is six pence they should pick it up, we received the opinion that the amendment was necessary. Well, Sir, subsequently we had a debate in the Associated Chambers of Commerce in January at which the Honourable Mr. Chadwick was present, and I wish to read a few of his remarks to show that Government itself is not convinced as to the correct lines on which this Bill should be drafted. Mr. Chadwick said :

"I feel a little difficulty as to whether an increase from an anna to 4 or 8 annas, though light for the transactions of a big Presidency town, may not be heavy on the trader upcountry who uses these promissory notes. I do not know whether any Upcountry Chambers would be able to give us any advice on that point, and if so, whether in the opinion of Bengal and Bombay it is possible to make a rate of 4 or 8 annas."

Sir Montagu Webb speaking on behalf of the Karachi Chamber took up the challenge at once ; he said :

"In brief they do not think it is worth it : the amount of income to be secured is problematical ; they feel that if the stamp duty on Pro Notes were increased to any material extent the stamp duty would probably be evaded, and thereby would not be of any advantage as regards additional revenue."

Sir Thomas Smith representing the Upper India Chamber at Cawnpore said :

"One way of evading increase of duty on Demand Promissory Notes occurs to me, and that would be that instead of 'A' borrowing from the bank on a promissory note he would get the amount by having a credit opened and operate thereon with a cheque stamped with one anna. Assume he has an agreement to get an advance of one or two lakhs on piece-goods, all he has to do is to sign a cheque or cheques against that amount. That is one way it seems to me in which the borrower would be driven back on to the current account."

Well, Sir, this was a debate not on the principles of the Bill because the Bill was not before us, but on the question whether an inquiry should be instituted as to whether a Bill was needed. The result of that debate was that four Chambers of Commerce were against it and four were for it ; and I as President exercised my right and gave my casting vote for the *status quo*, that is against any inquiry. I think, therefore, Sir, it is obvious that commercial opinion has not made up its mind as to whether, first, it is desirable, second, whether the provinces will get any revenue from making this change. It is not desirable, I think, that we should have Statutes on the book which can be so easily evaded, and therefore I should like to move that the Bill be circulated for public opinion.

The Honourable Mr. C. A. Innes : Sir, these lights into the discussions of the Associated Chambers of Commerce are very interesting, but I do not think that the debate in the Associated Chambers of Commerce on one particular item in this Bill affords this House any reason why we should circulate this Bill. I may point out that in 1922 we circulated very full papers about this proposal to increase the duty on these instruments. We circulated to all Local Governments a letter we had received from the Bengal Government and attached to that letter was a report of the Committee appointed by the Bengal Government to consider the question of revising the duty on these instruments. All Local Governments were specially asked

to consult Chambers of Commerce; they were asked to consult them on two points, one, whether the duty on these instruments should be raised, and, two, if so, to what extent. Now practically all Chambers of Commerce said "Oh, no; on general grounds we do not approve of the duty on these instruments being raised." Local Governments reported that they recognised that it was not altogether to the liking of the business community that the duty on these instruments should be raised; yet they pointed out that the financial needs and exigencies were very great and thought this was one of the least objectionable forms of getting the revenue which they required. Now, Sir, the Chambers of Commerce have already had an opportunity of expressing their opinions on these proposals, not in the exact form they are now, but on the proposals generally; and I submit at this stage the Chambers of Commerce have no right to demand that we should again circulate the Bill. Circulation means that the Bill will lapse, because there will not be time for replies to be received in time for the Bill to be passed into law during the life time of this Assembly.

The next point I have to make is that in practically all these proposals with the exception of that relating to demand promissory notes, we have followed the proposals of the Bengal Committee, and I would like to point out that a member of that committee was a very distinguished member of the Bengal business community, namely, Sir Campbell Rhodes' own predecessor in the Presidentship of the Bengal Chamber of Commerce.

The third thing I want to point out is that this Bill is a very small Bill indeed; it consists of only two clauses; it has been before the House for a week or ten days; every Chamber of Commerce has had ample opportunity to send up to its representatives here its criticisms on the Bill, and this is the proper place for considering them; it is proper that this Assembly should decide here and now whether our proposals are proper or not. I submit that there is no reason at all why we should delay the passing of the Bill for a further very unnecessary piece of circulation.

One more point and I have done. I think I am correct in saying that this debate which took place in the Associated Chambers of Commerce was merely a debate whether the duty on demand promissory notes should be raised. I do not think it was a debate on whether the duty should be raised on all the instruments dealt with in this Bill. Sir Campbell himself has given notice of an amendment in regard to demand promissory notes and I think that that is the main point which he has put to the House. Sir, I oppose this motion.

Rao Bahadur C. S. Subrahmanayam (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, I support the amendment moved by Sir Campbell Rhodes. It is not a question between the Bengal Chamber of Commerce and this House, or between the Bengal Government and this Assembly. It is a question of altering a piece of law which has been familiar to the people at large and every one even in the remotest corners of the country has come to associate the one anna stamp duty with promissory notes to any amount. Now, if you are going to alter the law without giving the country an opportunity of knowing it, without spreading this idea about the country and making it familiar with the idea that it is going to

be raised to two annas, there will be very great danger. Men, who till now believed that one anna was quite enough for affixing on a document which covers the value of thousands of rupees, would not know the alteration; it is not as if every one in this country reads newspapers or knows the progress of the legislature from day to day. Therefore, on that point, without entering into the merits of the case, without entering into the question whether any substantial amount would be secured to the State in the way of additional revenue by virtue of this alteration, I think it is a very fair proposal, which is contained in the amendment, that the Bill should be circulated and by that means the country will come to know of it. I know, if it is sent out for circulation, it may not be possible to get this passed during the life time of this Assembly. It is possible it may not be passed. But if you are prompt and if you want to pass it before the end of the year, I think it can be done; I do not suppose this Assembly is going to die before the end of this year. But whether you are able to pass this during the life of this Assembly or not is not the question. The question is that this is a very substantial change in the every day life of the people, and I deprecate any haste in this matter. I would ask all Honourable Members to think what the villagers in the villages outside, who have relied on this one anna stamp as being able to secure a document of legal validity for thousands of rupees, would think of this suggested alteration.

The Honourable Sir Basil Blackett (Finance Member): I hope the House will not allow itself to be seduced by Dr. Gour's spacious pleadings. Dr. Gour got up to support a motion that the discussion of this Bill should be transferred from its natural place in which we ought to discuss it, namely, this House, in order that it might be referred to the Chambers of Commerce who have already been consulted. He very sensibly proceeded to discuss the merits of the Bill in the proper place. The whole matter was last year referred to the Chambers of Commerce and also to the Provincial Governments. As the Honourable Member for Commerce has said, the Chambers of Commerce were not on the whole in favour of it. I am not accustomed to hear that Chambers of Commerce are usually in favour of taxation which is going to fall upon their Members. The Provincial Governments who are the proper bodies to consult in regard to this matter are on the whole strongly in favour of it, if only because it is going to help them in a matter which they rightly regard as important, namely, to balance their budgets. They were consulted and I submit, Sir, that quite apart from the merits of the Bill, this House is the proper place in which a proposal supported by the Provincial Governments for imposing taxation for the benefit of the Provincial Governments as a whole should be discussed. Full opportunity has already been given to the commercial community to express its views, and they are known. I submit, therefore, that the amendment should be rejected and we should proceed to discuss the Bill on its merits.

Mr. Manmohandas Ramji (Indian Merchants' Chamber and Bureau : Indian Commerce): Sir, I rise to support Sir Campbell Rhodes' amendment and to say that the opinions which were asked for from the different Chambers of Commerce were in respect of the Report of a Committee which was appointed in Bengal to go into this question. But there was no definite

proposal from Government to raise stamp duty. That Government proposed a certain measure for the increase of revenue and therefore it is but right that those who have expressed their opinion should know in definite form what the enhanced proposals are which this Government are making. Another point which is raised by several of my Honourable friends here in this House is that we have only the opinion of the Chambers of Commerce, but it is the public generally that borrows very largely. Of course, the traders have their own transactions but in this country there is money lending transaction going on everywhere, whether there is a Chamber of Commerce or not. Therefore, it is but right that the public should have some opportunity of expressing their views on this important question.

Mr. A. V. V. Aiyar (Finance Department: Nominated Official): Sir, I just wish to make a few remarks, which may be of assistance to the House in deciding whether the Bill should now be circulated for opinion. As the House knows, all the Local Governments are now presenting their Budgets to the Legislative Councils and we know for certain that most of them are counting on some increase from these stamp duties for the purposes of their Budget. (*Dr. H. S. Gour*: "How much? You don't know.") If the Bill is now circulated, and several months elapse before it is taken up for consideration, they will all be put to very serious inconvenience. As regards the question of promissory notes, I suppose the proper time for discussing that will be when we are considering that particular clause.

Mr. Deputy President: Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon."

The question is that that amendment be made.

The motion was adopted.

27th March 1923.

• THE PREVENTION OF DEFERRED REBATES BILL.

Mr. T. V. Seshagiri Aiyar (Madras Nominated Non-Official): The Bill which I seek leave to introduce is one of great importance to the development of the mercantile marine in this country. There are two principal matters mentioned in the Bill. One is as regards what is known as the deferred rebates and the second is as regards the fixing of maximum and minimum rates. As regards the deferred rebates question there is no doubt that it would hamper Indian enterprise if companies of long established reputation offer rebates in the way in which they are doing. There was a Royal Commission appointed in England in 1908 to consider this question, and although it was only by majority that the Commission came to the conclusion that the rebate system should be continued. Recently when the Imperial Shipping Committee had to deal with the subject, though they admitted the evils of the rebate system, they recommended that the shippers should be given the option of an agreement also. I may mention in this connection that the Indian shippers who gave evidence before the Imperial Shipping Committee unanimously—I am speaking of a large number of Europeans also—the Indian shippers unanimously gave evidence to the effect that the

rebate system should be done away with ; that is my reason for including the subject so far as the first portion of my Bill is concerned. As regards the fixing of maximum and minimum rates, a rate war went on in this country for a long time ; I can give instances of one or two companies having come to grief by well-established companies charging a low rate for the time being in order to crush out the Indian enterprise ; after the enterprise was thus crushed out they went back to the old rates. The Deck Passengers' Committee recommended that a minimum rate should be fixed, and that is the second subject which I have introduced into this Bill. I may say that my Bill is based largely upon similar enactments in the United States and other countries. Therefore I ask the House to give me leave to introduce the Bill.

Mr. President : The question is :

"That leave be given to introduce a Bill to provide for the prevention of deferred rebate and for the prevention of rate wars and resort to retaliatory or discriminating practices in the Coastal traffic of India."

The motion was adopted.

Mr. T. V. Seshagiri Aiyar : I introduce the Bill, Sir, I now move :

"That the Bill be circulated for the purpose of eliciting opinion thereon."

The Bill has been in the hands of Honourable Members for some time. As a matter of fact, even before they had the Bill as printed, I sent them a copy and I sent a letter to them explaining the reasons why this Bill should be introduced. I move that the Bill be circulated for the purpose of eliciting opinion thereon.

The motion was adopted.

27th March 1923.

ATTITUDE OF GOVERNMENT *re* CERTAIN BILLS INTRODUCED BY NON-OFFICIAL MEMBERS.

The Honourable Sir Malcolm Hailey (Home Member): Sir, I hope you will allow me to make a short statement, necessitated by the unfortunate fact that I was called away from the House on very urgent business and was unable to be present when certain of these measures were brought before it. As the House knows, Members of Government are at times liable to be called away at short notice on work which will not brook delay, and they are not, therefore, always able in consequence to discharge their duties in the Legislature. This was a case in point, and I think it only therefore proper that I should be allowed to enter a caveat on the part of Government in regard to its attitude with regard to certain of these measures. I do that in order that it may not be assumed that because we made no opposition to some of these measures that we have thereby necessarily assented to them in principle or in detail. If that were assumed, it might cause disappointment to their promoters, and it is in fairness to them that I am bound to say that if it had not been for the unfortunate accident which called me away, I should have opposed certain of these measures. That refers in particular to Lala Girdharilal Agarwala's Bill entered as No. 12 (a) on the list to amend the

Code of Civil Procedure, 1908. It refers also in part at all events to No. 16 (b) Mr. Neogy's measure regarding the Legal Practitioners Act. It refers also to Lala Girdharilal Agarwala's Bill, No. 17 (c). It refers to Mr. Seshagiri Aiyar's Bill No. 23 (d). Sir, I only wish to state that when these measures come forward at a later stage, we may in some cases have to oppose them and in other cases to ask for material modifications.

Mr. T. V. Seshagiri Aiyar : May I say a word, Sir, as regards those gentlemen who have introduced Bills including myself? I do not believe that the Honourable the Leader of the House intended to say that we have hurried these Bills through. It is very unfortunate that friends on the Government Benches were unable to be present. I myself was looking to Mr. Innes being here and to say something against my Bill, and when I found that nobody spoke against it, I looked about and it was said that the Bill be carried. I think my friends understand that Government is not committed to anything in connection with these Bills and when the Bill comes up again before this Assembly, the Government could explain their position and consider the whole question afresh. We do not understand that Government have in any way committed themselves.

The Honourable Sir Malcolm Hailey : Sir, I am very much obliged to Mr. Seshagiri Aiyar for what he has said. He understands and appreciates the difficulties which sometimes occur in our work. Mr. Innes, of course, has partaken on this occasion of the same misfortune as myself.

PART II.

Extracts from speeches delivered at the Council of State.

14th March 1923.

RESOLUTION *RE* ELIGIBILITY OF POLITICAL PRISONERS
FOR ELECTION TO LEGISLATURE.

The HONOURABLE SAIYID RAZA ALI (United Provinces East: Muhammadan): Sir, I move the following Resolution:

"This Council recommends to the Governor General in Council that the electoral rules should be modified in such a manner as to make a person convicted of a political offence involving a sentence of imprisonment for more than six months, eligible for election to any legislative body constituted under the Government of India Act, 1919."

Sir, under sections 64 and 129A of the Government of India Act, 1919, the Electoral Rules are made by the Governor General in Council with the sanction of the Secretary of State in Council and approved by both Houses of Parliament. Certain rules were made in the exercise of this power that disqualify certain persons for being elected as Members of the Indian Legislature or of the Provincial Councils. Sub-rule (2) of rule 6 of the Electoral Rules reads thus:

"A person against whom a conviction by a Criminal Court involving a sentence of transportation or imprisonment for a period of more than six months is subsisting shall, unless the offence of which he was convicted has been pardoned, not be eligible for election for five years from the date of the expiration of the sentence."

Sub-rule (3) of the same rule provides:

"If any person is convicted of an offence under Chapter IX-A of the Indian Penal Code punishable with imprisonment for a term exceeding six months, such person shall not be eligible for election for five years from the date of such conviction."

The HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: General): 'From the date of the expiration of the sentence.'

The HONOURABLE SAIYID RAZA ALI: I hope those, Sir, who interrupt in order to correct me will take care to have a copy of the Rules in front of them.

The HONOURABLE SIR MANECKJI DADABHOY: I am speaking of the law.

The HONOURABLE SAIYID RAZA ALI: There is power given to the Governor General in Council, and in the case of a Provincial Council to the Governor in Council, to order the removal of certain disqualifications. Honourable Members will remember that the disqualifications were removed in 1920 in the case of those persons who had been convicted of

various offences in connection with the trouble that followed the passing of the Rowlatt Bill. Unfortunately, however, Government's action was so belated that it deprived the action of all grace. Action to remove the disqualifications was not taken

The HONOURABLE THE PRESIDENT: What is the Honourable Member discussing, what has been done in the past, or what should be done in the future? I would suggest he should discuss what should be done in the future. His Resolution relates to the future.

The HONOURABLE SAYYID RAZA ALI: I just wanted to refer to the past to show that there is ample precedent for such action having been taken by Government in the past. Now, the important point is this, Sir, that if action in this direction is to be taken, that action should be taken as early as possible. As the saying goes, 'there is no use shutting the stable door after the horse is gone.' In the past, the Government's action was so belated that people could not take full advantage of that, and therefore it is high time, in view of the forthcoming elections, that the Government should give a careful consideration to the plea that is raised, in my conclusion, at an early date. What is going to be the attitude of the Government of India during the coming elections is a question to which great importance naturally is attached. With a view to ascertain that attitude, Sir, I gave notice of a Resolution in the beginning of January advocating the removal of the disqualifications mentioned in the Rules which I have already made reference to. In reply, Sir, I received a letter from the Secretary to the Legislative Department in these terms:—

"I am directed to inform you that His Excellency the Governor General has under Rule 22 (1) of the Indian Legislative Rules disallowed your Resolution relating to the removal of disqualifications imposed on certain persons convicted of political offences so that they may stand for election, on the ground that it is not primarily the concern of the Governor General in Council to recommend to the Governor General the use of his prerogative of pardon by which alone the disqualification under the electoral rules can be removed."

There was no other alternative then left to me, Sir, but to raise the question in the form of a Resolution that would not be open to technical objections and notice of the present Resolution was given by me immediately after that. Sir, the Resolution raises two main questions. One is the question of law and the other is, if I may term it so, the question of fact. The question of law arises because we find that in framing rules under the Government of India Act a very serious departure on questions of principle has been made from the rules that govern the elections to the House of Commons. I know, Sir, that it has almost become a fashion in certain quarters to say that it would be extremely improper to follow British practice slavishly. Now, Sir, I think a charge of this kind can hardly be brought in a case in which we have to inquire into the practice and the rules that govern elections to the Mother of Parliaments, I mean the British House of Commons. We should not, it is true, follow slavishly everything that pertains to England, but when conditions are such that we can follow English practice with considerable advantage, I think it would be the height of folly to shut our eyes to that practice. I, Sir, certainly have no prejudice against borrowing all that is best in England; her literature, her science, her Art, her ennobling conceptions of political liberty, all these things

are sources of the greatest inspiration to us, Indians. As a well-known writer has said, 'Light no more comes from the East.' Shall we, Sir, deny to ourselves such light as peeps through to this country from far off England? The law we find governing such questions in the House of Commons is:

"Conviction for felony is a disqualification until the sentence has been served or free pardon under the Great Seal has been granted."

Our rules have departed from the salutary principle that obtains in England in that they insist that even after the expiration of the sentence of imprisonment, it shall not be open to a person to seek candidature if he has been sentenced to imprisonment exceeding six months till five years have rolled by or a pardon has been granted. Sir, it is of no use discussing the question of pardon which is the prerogative of His Excellency the Viceroy as the representative of His Majesty the King Emperor. We must, therefore, confine ourselves to the effect of the imprisonment as taken from the date of the expiration. I ask, Sir, is there any reason why the law governing our elections should be so vastly different from what it is in England? In England if a man has undergone a sentence of imprisonment, he is at once eligible to Membership of the House of Commons. We find here he must wait for 5 years. I ask, is there any reason that can be adduced in support of the Indian rules? Then, again, Sir, it should not be forgotten that the English rule confines itself to felonies which correspond to serious offences in India, whereas in India no distinction is made between major and minor, serious and ordinary, offences. Here taking the word of the law as it is, Sir, even if a man is sentenced to fine and in default of payment of such fine he is sentenced, we will say, to 7 months' simple imprisonment, and he chooses not to pay the fine but to undergo the sentence of imprisonment, he is debarred from seeking election. That I submit, Sir, is a state of law which cannot be supported by any convincing or strong argument. So, on the question of law, Sir, I hope I have made it clear to Honourable Members that our rules are very unsatisfactory. I believe it was impliedly conceded during Monday's debate in this House that at times our Indian rules do not seem to have been made quite consistently with the law as it is or, I should say, as it ought to be. I hope it will be conceded so far as legal considerations are concerned that everything strongly suggests that our rules be amended and brought in conformity with the English law.

Now, Sir, coming to the question of fact, let us see what the situation is to-day as compared with the situation as it existed last year.

Sir, I should not be surprised if Government make a reference to the political creed of the non-co-operators, who are, after all, the people who will be mainly affected by the acceptance or the non-acceptance of this Resolution. I should also mention that there are other people who will also benefit if this Resolution is accepted—I mean the Akalis and certain Khilafat workers. Sir, last year recruits were being raised from end to end of the country with the declared object of embarking on a campaign of intensive and aggressive passive resistance. Huge sums of money were being collected with a view to supporting the families of those who in the course of the trouble, were sent to jail. Mass meetings

were held in almost every place and wild talk was indulged in. The atmosphere, one might say, was altogether full of excitement. What is the situation to-day, Sir, as compared with the situation 12 months back? We find fortunately things have been restored to normal conditions. No excitement is going on and in fact we find that better counsels have, after all, prevailed in a large section of the non-co-operation camp. (*An Honourable Member*: "Question.") If my learned friend the Honourable questioner had followed even the proceedings of the last National Congress as they came out from day to day in the press, I am sure he would have spared himself the trouble of putting this question. Again, Sir, the Indian National Congress is not the only body that tried to pass Resolutions in favour of Council entry. We find that the campaign has been taken up by a large number of zealous and sincere workers. They have been going round the country and explaining to their followers and the masses, that after all the best thing would be to exercise their influence inside instead of outside the Councils. I should not forget that they also say that they want to enter these Councils in order to wreck them; but that, Sir, is a statement the proper value of which Honourable Members can assess for themselves. I have always taken the view, and I do take the view that the best thing would be for our friends to come over here and try to wreck the Councils. After a month's experience, I have too much faith in the honesty of purpose of Government and the sincerity of my own countrymen to doubt that they will be very much changed men, if they are not already so. Sir, a very large section of the people having declared it as their policy to enter these Council Chambers, I say, is it not for Government now to make a response? Sir, it is open to Government to say that these men only last year, or say 18 months back, declared that they were the enemies of Government. I would point out at once that nobody would be able to find out anything uttered by any non-co-operation leader which savoured of treason to the King, to the Sovereign. What they urged was a change in the system of Government, and they have consistently adhered to that. You will not be able to find in the utterances of any responsible non-co-operation leader anything that goes against His Majesty the King or against India's connection with England. As a matter of fact, it will be within the memory of Honourable Members that the first man who opposed the so-called independence Resolution at the Ahmedabad Congress was no less a man than Mr. Gandhi himself. But, Sir, even assuming that they were enemies, or that they claimed to be enemies, is it not a fact that the enemies of to-day are often the friends of to-morrow? There have been many cases, Sir, in which people who were not on the best of terms with Government have after all been converted into friends and entered the charming circle. We know that the leader of the anti-partition agitation in Bengal, who was even reported to have been crowned in Calcutta, has fortunately been spared to us to hold the portfolio of one of the Ministers in the Bengal Government. Need I refer to that Punjab rebel who was sentenced to transportation for life with confiscation of property, I mean Lala Harkishan Lal, who to-day holds the responsible post of His Excellency the Governor's Minister in the Punjab. It will not be out of place to refer to the cases—they are inspiring cases—of the late Mr. Michael Collins and Mr. Griffiths who for a long time were engaged in carrying on actual warfare with

England and her King, and who ended their days as among the truest and best of England's friends. Sir, according to my reading, the non-co-operation party in India closely corresponds to the Labour Party in England. We were reading only the other day that at the Countess Astor's place His Majesty the King-Emperor of India dined with the leaders of the Labour Party. We further hear that His Majesty

The HONOURABLE THE PRESIDENT: Order, order; the Honourable Member must refrain from referring to His Majesty's conduct for the purpose of influencing the Council on any occasion whatsoever.

The HONOURABLE SAYYID RAZA ALI: I was referring, Sir, to the growing cordiality between the Government

The HONOURABLE THE PRESIDENT: My ruling is quite distinct. The Honourable Member must refrain from referring to His Majesty the King's conduct in this Chamber.

The HONOURABLE SAYYID RAZA ALI: Since you have given your ruling, I will not refer to the conduct of His Majesty. My submission is this, that the relations between the governing classes in England and the Labour Party have been growing more and more cordial. We must also hope that the party here which corresponds to Labour, I mean the non-co-operators, should also be welcomed by the Government if they have decided to work with Government.

Sir, I must acknowledge that one of the difficulties, if my Resolution is accepted, would be as to what class of persons can be placed in the category of political prisoners. There will be some no doubt who may claim to be political prisoners but who upon inquiry will be found to have been sentenced to imprisonment for committing some offence involving violence or some offence against property. For myself, I would leave the determination of that question to the Local Governments and I would give the power to those Governments to select the persons who, having regard to the circumstances in which they were sent to prison, can safely be considered as purely political prisoners, I mean, the unadulterated article.

Sir, I have said almost all that I wanted to say. The only plea that I would urge before this House is, could any Legislative Assembly claim to be the representative of India from which men like Lala Lajpat Rai, Dr. Jotendra Nath Banerji, Mr. Rajagopalachariar were to be excluded, to mention only a few names out of many that would readily suggest themselves to Honourable Members. Sir, I am convinced that there is ample scope for India to work out her destiny in partnership with England on terms of absolute equality. Such partnership, Sir, would redound to the glory of England; it would redound to the glory of India; what is more, Sir, such partnership which redound to the greater glory of what I might call the Indo-British Commonwealth. Sir, it is after all a friend and not a foe that is giving a gentle knock at the door of the Government of India through this House. We shall all eagerly await the response.

The HONOURABLE MR. J. CRERAR (Home Secretary): Sir, in spite of the persuasive and conciliatory eloquence of my Honourable friend

the Mover, I also must oppose the Resolution. In doing so I wish to make one preliminary observation. There is, I believe, a doctrine known to Scots law, the doctrine of "vicious intromission": and that doctrine prescribes that if any person, without the authority of the parties principally concerned, intervenes in a cause of action, he thereby incurs certain liabilities. I would point out that to the transaction which the Honourable Member proposes to invite the House there are several parties. There is the Honourable Member himself, there is this House, there is the Government of India, and there is His Majesty's High Court of Parliament; and there are also the convicted persons to whom my Honourable friend refers. Now, Sir, I do not invoke that doctrine of Scots law in order to deter my Honourable friend in any way from moving any constitutional issue which is within the lawful cognizance of this House, but I am seriously concerned about my Honourable friend's position. It would distress me extremely that he should put himself in the invidious position of the patron who embarrasses his beneficiaries with uninvited and unwelcome assistance.

Now, on the questions of general policy which have been dealt with by the Honourable Mover, a great deal of the answer which I propose to give has been given by the Honourable Member who preceded me, and it is my purpose to deal not so much with general questions as with the prosaic but by no means easy question of the practical application of what my Honourable friend proposes. When you propose to frame statutory rules, it is above all things necessary not only to have a clear apprehension of your policy but also a very precise specification of your facts and of the manner in which you propose to apply them. My Honourable and learned friend has, perhaps wisely, not attempted to offer any solution whatsoever of the practical problem. He has paid the Local Governments the very high compliment of transferring to them the onus of solving this exceedingly difficult problem, and in doing so he pays a compliment to their acumen, to their wisdom and to their legal subtlety, the highest, I think, I have ever heard. But after all, the rules contemplated by My Honourable friend would have to be interpreted and applied by some body, by the Returning Officer, by the Commissioners, or by some other authority, and how would they proceed to do it? What is a 'political offence'? Now I can conceive of questions of this kind coming before an electoral Court, and of their having to search the Statutes to find out whether such an expression as 'political offence' or 'political offender' or 'offence of a political nature' has been used. They would find them only in one series of enactments—the enactments relating to the law of Extradition. Now, Sir, I think it will be interesting to the House to gain some idea as to what the results of an appeal to the law of Extradition might be. I will quote a few words from an eminent authority on the subject. This is the interpretation placed by the English Courts on the phrase "offence of a political character" so far as the law of Extradition is concerned:

"An offence is of a political character if it is one which is incidental to, or forms part of, political disturbances. [In *re Castioni* (1891) 1 Q. B., 149.]"

"In this case there was a general rising against the authorities of the Canton of Ticino and in the course of the disturbances Castioni who had taken a prominent part in organizing them shot one Reni, a Member of the State Council. It was held that the offence was of a political character."

It might also interest the House to know that from the point of view of Extradition law, anarchists are not political offenders.

"Anarchists, however, are not political offenders, for to constitute an offence of a political character, there must be two parties in the State, each seeking to impose the Government of their own choice on the other, whereas anarchists are the enemies of all Governments."

Now, Sir, what would be the application to our present purposes of that law? Let us take only one instance. The principal offenders in the Moplah rebellion, men guilty of murder, arson and the most atrocious crimes, would probably, for the purposes of Extradition Law, be held, to have committed offences of a political character. Is that the kind of offence which my Honourable friend proposes to include in his category of political offences? I leave it to him to answer that. As a matter of fact it must be obvious to the House that the law of Extradition could not possibly be a sound basis for regulating the internal criminal jurisprudence of India or any State. It is substantially a matter of international law, and as a matter of fact it is observed by the authority which I have just quoted that "most continental nations regard the fugitive offender as a purely political matter in which the Courts have no concern." We shall, therefore, have no assistance from the law of Extradition with regard to the interpretation of the phrase 'political offences' of 'political offender' for the purpose we have now in contemplation. Other attempts have been made to solve this question in another way. It has been suggested that offences which do not involve moral turpitude should be excluded. But from the point of view of the practical lawyer that phrase presents difficulties almost equally insurmountable. I shall merely quote from the remarks of a very learned jurist, Sir Erle Richards. In another connection but dealing with the same question of principle he observes:

"Is there any precedent for the phrase moral turpitude? I know of none."

Then after reciting some instances he adds:

"Do these involve moral turpitude? They may afford interesting problems for divines but, as a mere lawyer, I give them up though they would provide employment to the honourable and meritorious profession to which I belong." (*That point of view might perhaps commend itself to my Honourable and learned friend.*) "Any other point of view seems to me difficult to defend."

As a matter of fact, Sir, we shall find that ultimately we come to a consideration of what is really a fundamental principle of criminal jurisprudence, and that is the distinction between motive and intention. I will illustrate my point by a concrete instance. A man who has a starving family may steal a loaf. Well, what is uppermost in his mind is not to cause wrongful loss to the baker but he undoubtedly intends to steal. His motive is to relieve the sufferings of his family. The law deals with it in a reasonable and just manner. It enjoins upon the Magistrate, if evidence of the offence of theft is made out, that the accused shall be convicted of the offence of theft. But it leaves to the Magistrate a certain discretion as to the penalties he shall inflict, and in the exercise of that discretion the Magistrate would no doubt take the motive of the offender into consideration. But, Sir, what I particularly want to emphasise is this, that the law does not take into consideration motive as distinct intention as an ingredient in the strict definition

of the offence which is necessary for the due processes of law. My Honourable friend has adverted to the English law on the subject and stated that there ought to be complete uniformity in our electoral law to the electoral law of England. That question has to a large extent been answered by the Honourable gentleman who preceded me. There are very important distinctions between the conditions in which the English electoral law operates and the conditions in which the Indian electoral law operates. In England there is a very old and stable Parliamentary tradition. In India there is yet not an ancient and stable tradition. There is another important distinction. There is no political party in England whose avowed policy is the destruction or the extirpation of the constitution. There is another important distinction. Even if the English precedent were adopted and acted upon, I venture to point out that the English law gives no precedent whatsoever for a distinction drawn in favour of political offences, however they may be defined; and yet that is the radical, indeed the fundamental, feature of the Honourable Mover's proposition. I do not think he is well advised in invoking the English precedent in his case. Is there anything really unjust or inequitable in the present provision of the electoral rules? I must frankly say, Sir, to my mind there is nothing really unjust or inequitable. It appears to me that franchise disqualification is a reasonable and proper penalty to attach to offences which are imagined and committed against the State and the Constitution. I do not think it unreasonable that any person, who has been found guilty of such offences by the formal process of a judicial tribunal, for some period at least should be left to reflect upon his political views before he is again admitted to constitutional political life. My Honourable friend did not deal with that matter at length. I am not surprised at it, because my Honourable and learned friend is a lawyer and he has that subtle consciousness of the lawyer when he is coming to the weakest part of his case. But we cannot get over the obvious fact that among the gentlemen of whom the Honourable Mover spoke there are two distinct schools. One of these schools treats

1 P.M.

with the utmost contempt all forms of the Legislature as at present constituted. They are not merely against the 'bureaucracy,' whatever that may be, but they are against the whole constitution and in particular the Legislative bodies. The second party would, I understand, be willing to enter the Legislatures, but for one sole purpose, to paralyse them, to render them impotent. Sir, would it be really rational, politic and sensible if we deliberately advised the Government of India to take steps to introduce gentlemen into the Legislature whose declared purposes are now of that nature? I think it would be advisable that some interval should interpose itself between expressions of that nature and the admission of those gentlemen to the Legislatures. I do not deny and I sympathise very deeply with much that was said by my Honourable friend on that point. He regretted the loss to the constitutional life and the political progress of India of very great talents. I deplore that no less than my Honourable friend the Mover, but I do not think he has taken the wisest course to deal with that deplorable circumstance. I do not intend to detain the House any longer because my main purpose has been to point out the very serious practical difficulties which are attendant upon my Honourable friend's proposal. The Government of India have, I think,

given every proof of their desire to encourage all reasonable means of reconciliation and appeasement, to take every possible step for the amelioration of the unhappy political developments that have taken place in recent years in India. I think that state of affairs has to a great extent been ameliorated and we may look forward to very great improvement in that direction in the future. But I do not think that we shall be doing a wise and sensible or politic thing if we endeavour to stimulate a movement which is, I think, rapidly gaining momentum by a measure which has very little prospect of success and does not proceed on a sound practical basis.

The HONOURABLE SAYYID RAZA ALI: Sir, I think it was the late Mr. Gokhale who pointed out that greatly gifted though the English race was and had special aptitude for the art of administration, it was lacking in the gift of what is known as the power of imagination. I find, Sir, this morning not only has there been a display of want of that spirit from Government Benches, but some of my own countrymen have joined to aggravate the position and to justify the remark that at times not only Englishmen, but Indians also are sadly lacking in that gift. Sir, the position ought not to have offered any very great difficulty to Government and I had no doubt that Government might not be in a position to make a clear and definite pronouncement on this subject to-day, but I thought they would express their willingness to consider the whole question carefully in the light of events that may happen hereafter. I am sorry, Sir, that I fail to discover any signs of this sympathetic attitude in the speech of my Honourable friend the Home Secretary. With his usual skill and ability he raised a number of questions which unfortunately have a tendency to cloud the issue but which are not calculated to strengthen the hands of Government. My Honourable friend charged me with meddling with a cause of action with which I was not concerned. Sir, my Honourable friend is greatly mistaken if he takes that view. From time to time we find that in the beginning of the new year a letter appears in the daily newspapers headed "missing heirs." Sir, so far as political issues are concerned, I can say that I, no less than any other Member of this Council, am a residuary legatee, with this difference that the residuary legatee comes into the legacy after the death of the testator, whereas we get the legacy, say the gift, in the life time of such testator. Sir, my point of view is vastly different from that of my Honourable friend. I say that every public issue which is of importance either to the people of this great Continent or to the Government is an issue which gives me no less than to any other public-man a direct cause of action. My interest in that cause of action is supreme, and it is in no way less important than the interest of the man who is personally concerned with a question.

Sir, I took pains to point out that it is not in any spirit of hostility or antagonism that I brought forward this motion. I was in fact trying to help the Government in laying down a sound policy on a question which has been exciting very considerable attention. Sir, the position is by no means an obscure one. The present position is that Government have got one party on their side and can claim and rely on the support of that party. I do not propose to go into the numerical strength of that party, but surely, Sir, there is a party much more

influential, much larger in numbers between whom and the Government unfortunately to-day there is a gulf. I was trying to bridge that vast gulf if possible. Government have got their friends no doubt, but I want the number of the Government's friends to be much larger than it is to-day. It was, Sir, in this spirit that I brought this motion to-day. It is open to Government to so conduct their policy and to so change the rules as to rally on their side a party which, I believe I am justified in saying, is in the majority in this country, a party which can count among its numbers some of the most respected and influential leaders of Indian thought. Is there any reason why earnest and serious efforts should not be made to compose the present differences between Government and that party? My Honourable friend the Home Secretary asked what would be the definition of a political prisoner according to me. Now the House will remember that that is a question to which I addressed myself in my opening speech, and I confess that there are certain difficulties in classifying prisoners and picking out from among them what are generally known as political prisoners. But, Sir, the difficulty is by no means an insurmountable one. On the whole we have a general idea as to what is meant by a political prisoner. It is a very difficult task to define as to what a political prisoner is

The HONOURABLE MR. J. CRERAR (Home Secretary): Hear, hear!

The HONOURABLE SAIYID RAZA ALI: I hope I will hear that "hear, hear" again later on. Here is an authority that has defined what a political prisoner is. In a case reported in Queen's Bench, page 415, in 1894, it was said:

"Anarchists are not political offenders, for to constitute an offence of a political character there must be two parties in the State, each seeking to impose the Government of their own choice on the other, whereas anarchists are the enemies of all Government."

The HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: General): That is what the Home Secretary quoted.

The HONOURABLE SAIYID RAZA ALI: I am told that this is what the Home Secretary quoted. That is not my recollection. The Home Secretary quoted to the best of my recollection another passage and not this. The case quoted by the Home Secretary is reported in (1891) 1 Q. B. 149. Now, Sir, I hope in my humble way to lay down the definition of a political prisoner. Sir, according to me a political prisoner is a man who courts going to jail in order to accomplish his object on a political issue between him and the State, provided such offence stops short of being an offence against person or property. This is, Sir, my definition of a political prisoner. If a man breaks the law, knowing he is going to jail and is prepared to suffer the consequences, he can be called a political prisoner, provided that in doing so, he does not commit a theft, he does not commit a robbery, he does not break another's head. If this definition is acceptable to Government, let them have it and let them take away the ban from this class of prisoners. But, Sir, it is unnecessary for me to formulate any definition at all. Fortunately for us there is a Provincial Government which I think has been able to lay down the definition of a political prisoner. It was only the other day, Sir, that, to the great relief and joy of the people of the United Provinces, a large number of

political prisoners was released by the Government of the United Provinces. Let me say, Sir, that the people of that Province stand to a man behind the Government of that Province. Let it be remembered that the people here released were political prisoners. If my Honourable friend will put himself in communication with the United Provinces Government, he will find, I am sure, what was the definition that commended itself to that Government. Sir, where there is a will, there is a way, and I am sure that if the Government are serious in this matter and want really to come to a solution, there is not the slightest doubt that they will be able to do so. Whereas if the will is wanting, all sorts of arguments can be adduced, and I can be taken to task for not having attempted this or that. Sir, it was pointed out by my Honourable friend Mr. Kale, and reference was made to the subject by the Honourable Mr. Crerar also, that it would be extremely difficult to introduce the distinction between political and non-political prisoners. Sir, I limited my Resolution to its present terms because I was under the impression that if I made any attempt to bring our law into conformity with the law as it exists in England, I would be charged with entertaining revolutionary views; but nobody would be more happy than I if Government would be prepared to accept the English electoral law. Let the Government accept that law for all classes of prisoners, namely

The HONOURABLE THE PRESIDENT: I must remind the Honourable Member that the time for reply is limited to 15 minutes and he has already exceeded that time.

The HONOURABLE SAIYID RAZA ALI: I am sorry, Sir, for having exceeded the time limit. I say, Sir, let the Government make that law applicable; and if that is the attitude of Government I am prepared to withdraw my Resolution.

Sir, the last thing that I would say is that I am not pleading for leniency or generosity towards these unfortunate men who have served out long sentences of imprisonment, as was pleaded by my Honourable friend Sir Zulfiqar Ali Khan. My plea is for justice; let Government be just to co-operators; but let Government be no less just to non-co-operators. The India of the future will be the India not only of co-operators, but also of non-co-operators, of Englishmen and Hindus, of Muhammadans and Sikhs and of every man who has made his home in this country.

The HONOURABLE MR. J. CRERAR (Home Secretary): Sir, I regret that my Honourable and learned friend should have supposed that I did not give him sufficient credit for his good intentions in moving this Resolution. I thought I had done so, but if I was in any respect deficient in that regard, I should now desire to give him the amplest acknowledgment of his good intentions. But I supposed Sir, that an Honourable and learned gentleman moving a Resolution of this nature would hardly be content that credit should be done to his good intentions, without regard to the practical implication of the policy he advocated. It is to that, that I took particular exception. My Honourable and learned friend accused me of want of imagination. I think, Sir, that that is a charge which is most frequently employed by the advocate of a measure who feels very serious hesitation as to the practical validity of his own case, and that appears to be my Honourable friend's position. He did

admit that the question of the definition of a political offence presented practical difficulties. I think it would have been more convenient to the House—it would certainly have been much more convenient to me—if he had propounded his definition of a political offence at an earlier stage in the debate: at a stage when we could have examined it at our leisure and seen whether it had any real practical bearing upon his proposition. However, late as it is and brief as is the time at my disposal, I shall endeavour in one or two words to deal with the equally few words which my Honourable friend devoted to that exceedingly important aspect of the question. He quoted, Sir, as an illustration of the manner in which a political offence might be defined, a leading case in Extradition Law, *In re Meunier*, which I had already alluded to. I thought I had made it fairly clear to the House that that case was a case arising out of the law of extradition. I thought I further made it clear to the House that the law of extradition is a law which cannot really be compared to the municipal law, the internal criminal law of a State. Its purposes, its objects, the *ratio decidendi* of the rulings made under that law, are of a totally different character from, and could not possibly be made the basis for, an electoral rule or statute or a provision of the specific criminal law of a State. Well, my Honourable friend then abandoned the definition based on the extradition law. I understood him to say that the main ingredient in his definition of political offence would be, to specify offences which were not offences against person or property. The offences, I take it therefore, which he specially has in contemplation are offences directed against the State and against society. Why in any rational system of jurisprudence offences of that kind should receive particularly favourable notice passes my wit to understand. Apart from the intrinsic quality of such offences, I must point out that if they do not in the first instance contain in themselves the elements of an offence of violence against person and property, we have only too bitter reason to remember that the proximate results of such offences very frequently have been to an appalling degree disastrous to the life, to the property and to the liberty of His Majesty's subjects. I cannot therefore regard my Honourable friend's somewhat belated attempt to define a political offence as in any degree satisfactory or in any degree throwing light on his main thesis.

Another Honourable gentleman referred to the action taken by the Royal Governments in India in times past: measures of clemency exercised by great kings after the suppression of a rebellion: measures, in short, of the nature of an amnesty. That again is entirely irrelevant to the question now before this House. We are not dealing with amnesties which are special measures of the sovereign power designed to meet special and extraordinary conditions. We are concerned with the consideration of a statutory rule which is to have permanent validity: not to deal with extraordinary or abnormal situations, but to constitute a part of our permanent electoral system; and I venture to say that any basis following measures of that extraordinary character would not be a satisfactory basis to take for a permanent provision of our electoral law.

An important point was raised by my Honourable friend Professor Kale which was also adverted to briefly by my Honourable friend the Mover in his reply. My Honourable friend Professor Kale inquired

whether it would not be possible to take into consideration the rules regulating disqualifications arising from criminal convictions on a more comprehensive basis. Well, Sir, I wish to make it quite clear that that is a question which does not arise on the Resolution proposed by my Honourable friend; but if I may be permitted, I should like to inform my Honourable friend opposite that the question of making more elastic the rules relating to the removal of disqualification arising out of criminal convictions on a comprehensive basis without any reference to particular categories of offences is a matter which is already engaging the serious attention of the Government of India. I must repeat once more that I make that statement, though I admit it is irrelevant to the discussion, because the question was adverted to by my Honourable friend opposite and also by my Honourable and learned friend the Mover.

I have little further to add except this. The issue before the House is really a very simple one. My Honourable friend accused me of lack of imagination. Well, Sir, I thought the issue before the House was a practical issue. I thought it was one in which we should not contribute very greatly to promote a practical solution if we spent our time in giving rein to our imagination. I endeavoured to point out the practical difficulties of the question and to deal with the matter in a practical way.

My final conclusion is—I admit it does not emulate the flight of my Honourable and learned friend's poetic eloquence—that the question is mainly a question of common sense. Should we be acting wisely, should we be consulting the interests of the State and our own dignity if, in this gratuitous manner, we impose on unwilling persons a privilege which they do not desire and which indeed they emphatically repudiate?

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted:

“This Council recommends to the Governor General in Council that the electoral rules should be modified in such a manner as to make a person convicted of a political offence involving a sentence of imprisonment for more than six months, eligible for election to any Legislative body constituted under the Government of India Act, 1919.”

The Resolution was negatived.

26th February 1923.

RESOLUTION *RE* AMENDMENT OF STANDING ORDERS.

THE HONOURABLE MR. G. S. KHAPARDE (Berar: Nominated Non-Official): I beg with your permission to move for leave to amend the Standing Orders of the Council of State by adding to them a Standing Order in the form annexed to this agenda list, on petitions relating to Bills pending before the Council of State.

The HONOURABLE THE PRESIDENT: The Honourable Member has asked leave to move an amendment to Standing Orders. Will those Members in favour of leave being granted rise in their places?

(Almost all the Members stood up.)

The HONOURABLE THE PRESIDENT: The Honourable Member has the necessary support. He has the leave of the Council.

The HONOURABLE MR. G. S. KHAPARDE: In moving this Resolution, I really cannot claim any originality at all. This matter was brought before this Council by my Honourable friend Sir Maneckji Dadabhoy and apparently what he said recommended itself and then the Government appointed a Select Committee consisting of the Honourable the President, Sir Frederick Whyte, Mr. Samarth and the Honourable Mr. O'Donnell. That Committee met and they made out their report which has been published. They made certain recommendations and all that I seek to do is to adopt their report and make a proposal that those recommendations should be carried out. What happened was this. I put a question in this session asking the Government to declare their intentions with regard to that report and the Government replied that Government intended to take no action but they left it to the Members of this Council to take such action as they pleased. So I have brought in this Resolution. The subject is a very important one and I have therefore taken it upon myself to move it. It should really have been moved by my Honourable friend Sir Maneckji Dadabhoy. He did not happen to be here. Anyhow we belong to the same province and we may take credit for that, all the same. This subject has a long history behind it into which we need not go. From the earliest days of Parliament in England this right has been exercised and at one time it used to sit like a High Court and Judge of cases and so on. Later all these functions were separated from each other and developed differently. The Committee has very wisely confined their recommendations to the present-day practice of the House of Commons and it is that practice of the House of Commons that we now seek to introduce here. The chief reason why I wish it to be brought in is that it will give the outside public an interest in the work which we are doing. It is only confined to legislative measures that will come before us and we can permit the general public to send in their petitions in the particular form we provide and the public can send their petitions directly or through Honourable Members in which case there is a certain procedure laid down and then we do not go beyond that in any way. So this will give an interest to the general public in the work which we do here; also the general public, I believe, will read our proceedings with greater care than they do now and devote a portion of their time which they now do in writing to newspapers, or generally in trying to make out that we are not their representatives at all, to these proceedings, and their minds will be drawn away from wild theories, and they will fall into line with the constitutional methods; and this is a method which is no new thing that we are seeking,—we are only carrying out very cautiously what the House of Commons actually does. I do not think it is necessary therefore that I should support this Resolution with a long speech or a very closely reasoned argument. Sir, I move this Resolution.

The HONOURABLE SIR MANECKJI DADABHOY: I support this Resolution.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: So do I.

The HONOURABLE THE PRESIDENT: The question is that the proposed amendment for which leave has been granted be referred to a Select Committee.

The motion was adopted.

DRAFT STANDING ORDER ON PETITIONS.

1. Petitions relating to a Bill pending in the Chamber may be presented or submitted in accordance with the Standing Orders.

2. Any such petition may either be presented by a Member, or may be forwarded to the Secretary, in which latter case the fact shall be reported by him to the Chamber.

3. A Member presenting a petition shall confine himself to a statement in the following form:—"I present a petition signed by——petitioners regarding——Bill now pending in this Chamber", and no debate shall arise on this statement.

4. At the commencement of each session the President shall nominate a Chairman and——Members to constitute the Committee on Petitions and if he thinks fit shall fill up any vacancies occurring on the Committee during the session.

5. Every petition shall, after presentation or report as the case may be, be referred to the Committee, and the Chamber shall not be considered to be seized of the petition till the Committee has reported thereon.

6. The Committee shall examine every petition referred to it, and shall report periodically to the Chamber stating the subject matter of the petition, the number of persons by whom it is signed, and whether it is in conformity with the Standing Orders. If the petition complies with the Standing Orders the Committee may, in its discretion, direct the petition *in extenso* or a summary thereof to be circulated as a paper to the Bill to which it relates. The Committee shall in its report state whether circulation has or has not been directed.

7. Every petition shall—

- (i) either be in English or if in the vernacular shall be accompanied by an accurate English translation;
- (ii) be in print, and if presented by a Member, shall be countersigned by him; and
- (iii) be couched in respectful and temperate language.

8. The full name and address of every signatory to a petition shall be set out in the handwriting of the signatory if literate, or be authenticated by his thumb impression if illiterate.

9. Every petition shall be addressed to the Indian Legislature and shall conclude with a prayer specifying the definite object of the petitioners in regard to the Bill to which it relates.

10. The general form of petition set out in the schedule, with such variations as the circumstances of each case require, may be used and if used shall be sufficient.

SCHEDULE.

Form of petition.

TO THE INDIAN LEGISLATURE.

WHEREAS a Bill entitled a Bill

(Here insert title of Bill.)

is now under the consideration of the Indian Legislature
the humble petition of

(Here insert name and designation or description of petitioner or petitioners in concise form, e.g., "Ram Lall and others" or "the inhabitants of—" or "the municipality of—" etc.)

sheweth

(Here insert concise statement of case.)

and accordingly your petitioner (or petitioners) pray that

(Here insert "that the Bill be, or be not proceeded with," or "that special provision be made in the Bill to meet the case of your petitioner," or any other appropriate prayer regarding the Bill.)

and your petitioner(s) as in duty bound will ever pray.

Signature(s) of petitioner(s).

Countersignature of Member presenting.

25th January 1923.

APPOINTMENT OF PUBLIC SERVICES COMMISSION.

*The HONOURABLE SIR MALCOLM HAILEY (Home Member): Sir, before the next Resolution is moved, I pray for your permission to make a statement to the Council. Indeed, if I had not taken the opportunity of asking that permission, and of making such a statement, I should have felt that I lay under the imputation of discourtesy both to the Council and to the Honourable Member, the Mover of this Resolution.

The Council will remember that a short time ago, in answer to certain reports in the press that it was the intention of His Majesty's Government to appoint a Royal Commission on the Public Services, we issued a communiqué stating that those remarks were unauthorised and inaccurate. That they were unauthorised is certain. That they were inaccurate in terms I shall shortly be able to convince the House for they referred in definite but incorrect terms to the scope of the work of the Commission, if appointed. Since then the matter has proceeded further, and I now have a definite announcement to make to the House that His Majesty's Government have decided on the appointment of such a Commission. It will be better, I think, that I should read to the House the exact terms of the announcement authorised by His Majesty's Government. If I may, I would invite a careful attention to the terms of the announcement since they define the scope of the Commission's inquiry and to some extent anticipate its terms of reference. This is the announcement:

"His Majesty's Government have decided to appoint a Royal Commission on the Services in India. The precise terms of reference to the Commission have not yet been definitely settled, but will be wide in their scope. It is contemplated that the Commission will be required, having general regard to the necessity of maintaining a standard of administration in conformity with the responsibilities of the Crown for the Government of India and to the declared policy of Parliament in respect of the increasing association of Indians in every branch of the administration and having particular regard to the experience now gained by the operation and policy, he would be pleased to appoint, so far as possible, at least one to inquire into the organisation and the general conditions of service, financial and otherwise, of the superior Civil Services in India and the best methods of ensuring and maintaining the satisfactory recruitment of such numbers of Indians and Europeans respectively as may now be decided to be necessary in the light of the considerations above referred to."

That is the announcement, and I have only to add that it is not the intention of Government to ask the permission of the Secretary of State to publish any correspondence that may have taken place between us on this subject.

The HONOURABLE THE PRESIDENT: I allowed the Honourable the Home Member to make a statement to the House because it may have a very material bearing on a Resolution which may be moved to-day. I think the House will agree with me that when the Government are prepared to make a statement giving the House information of this kind, such a statement should always be allowed.

25th January 1923.

RESOLUTION REGARDING THE INDIAN CIVIL AND OTHER IMPERIAL SERVICES.

The HONOURABLE MR. V. G. KALE (Bombay: Non-Muhammadan):
Sir, the Resolution which I have to move runs as follows:

“ That this Council recommends to the Governor General in Council that he may be pleased to place on the table of the Council all the correspondence that has recently passed between the Government of India and the Secretary of State for India on the question of the improvement of the conditions and prospects of the Indian Civil Service and other Imperial Services, especially in connection with the appointment of a Commission to inquire into the matter.”

The announcement which has just been made on behalf of Government in one way facilitates my task and in another increases my difficulties. We have just now been told that the Government of India will not be in a position to ask the Secretary of State for India for permission to publish the correspondence which has ensued between the Secretary of State and the Government of India. Sir, I do not see any sound reason why this permission should not be sought. On the contrary, I feel that there is very strong reason why this correspondence should be published. A Royal Commission is going to be appointed to inquire into the question of the recruitment, the organisation and the maintenance of the higher Civil Services in this country. Now, it may be asked, “ What was the necessity for the appointment of a Royal Commission?” This question has been discussed at great length in the press in England and in this country. Apart from the fact that a Royal Commission is a very costly affair, there is involved another consideration, namely, that a Commission which will make inquiries on a wide scale is sure to embitter racial and political feelings, especially in the present mood of the country. Sir, after all, what is the Royal Commission going to inquire into? Is it going to raise the whole question of the Public Services which is intimately associated with the Reforms? So far as I see, there are certain grievances of the Services which they want to see redressed. And I may here remind Honourable Members of the debate that we had in this House in September last on a Resolution I moved on the Premier's speech. In the course of that debate it was made quite clear that we on this side of the House were prepared to agree that any legitimate grievances the Services had should certainly be looked into, and if necessary, redressed. At the same time, it was made equally clear, first, that the process of Indianisation must go on with reasonable rapidity, and secondly, that no improvements in the conditions and prospects of the Services could be effected, which would be calculated to maintain intact the prestige, the functions and the powers of the Services, in the near future, if the Reforms were to be a real success. Subject to these conditions, I say, we were quite willing that the grievances should be inquired into. But there is another factor in the situation and that is the most important factor, namely, financial. I need hardly remind the House of the parlous situation in which the finances of the country stand at the present moment, and no reform with regard to the Services can be undertaken or can be contemplated which is likely to add seriously to the burden of expenditure

and of taxation. Take the Civil Service. Is it not a fact that already important improvements have been made in the conditions and prospects of that Service? I think it is a fact which would be admitted by all that so far as the junior members of the Service are concerned, liberal increases in salary have already been granted. Then again, there have been increases made in the salaries of certain specific appointments. If I am correctly informed, the salaries of Commissioners in some provinces have been so raised. Then further, there is the consideration of the contribution that the members of the Service made to the Pension Fund. A remission of their contribution to this Fund is practically an addition to their salaries. Then there is the time scale applied to all members of the Service. This also means an addition to the emoluments of the Service. I also learn that in the case of certain high appointments increased pensions have been granted. (*The Honourable Sir Malcolm Hailey*: "No.") I am contradicted and I stand subject to correction in this matter. But my information is that for servants who have put in a service of 21 years, pensions have been increased, but if that is not correct, certainly I will not advance that argument. Then the leave rules have been liberalised and one serious grievance of the Service has been removed. Then there is the overseas allowance which also means a steady and substantial addition to the salaries. Then, in the case of many officers a consolidated travelling allowance means some addition to the salary. But in spite of all these items of improvement, it has been contended that on account of high prices which have prevailed in England and in India, a further improvement of salaries and emoluments has become necessary. But may I point out that prices have been declining both in England and in this country? Passages to England also have become cheaper and are likely to become cheaper still in the near future. There are, therefore, several weighty considerations on the one side which would certainly not encourage the idea of any substantial increases in Service salaries and emoluments. In the case of new entrants into the Imperial Services, in particular, I do not see why that question should be considered at all from either the financial or the political point of view. It will have to be admitted that candidates for the Indian Civil Service will have to take the country as it is and with the political situation as it will develop in the near future. They will have to make up their minds as to what the Reforms will bring and consequently that is not a consideration which can be taken into account in increasing the salaries. So that, we come back to the financial aspect.

THE HONOURABLE THE PRESIDENT: I do not wish to interfere unduly with the Honourable Member at this stage, but I must really ask him to approach more closely the actual subject of this Resolution, which is the publication of certain correspondence.

THE HONOURABLE MR. V. G. KALE: Sir, I wish that the correspondence between the Government of India and the Secretary of State should be published because I feel that all these considerations must have been present to the mind of the Government of India when they had been communicating with the Secretary of State. So much has been written and said about the famous O'Donnell circular issued by the Government of India. Critics have made that circular a peg to hang

all their diatribes of the Government on, so that the correspondence, we feel certain, must have contained references to all these points before they arrived at their conclusions with regard to the terms of reference and the scope of inquiry by a Royal Commission. All the matters I have referred to must have been investigated, and the Indian public will certainly like to know what attitude the Government of India have taken in this regard. I am aware, Sir, that it is exclusively in the power of the Secretary of State to regulate the conditions of recruitment and service, especially of the Imperial Services in India, but the Government of India, fortunately or unfortunately, occupy the position of a buffer. They have no doubt ultimately to be amenable to the control of the Secretary of State, but we can and must take hold of the Government of India and ask them to represent our views to the Secretary of State who, if he chooses, may ultimately decide these matters over the head of the Indian Government and the Indian public. I am confident that the Government of India must have placed all those views which Indian public opinion has from time to time emphasised, before the Secretary of State, and if the correspondence is published, the public will get an idea as to how the Secretary of State tried to meet the arguments on the other side. I contend, Sir, that the appointment of a Royal Commission must have been, if not opposed, discouraged by the Government of India. I have already dwelt on the question of the present conditions and prospects of the Imperial Services. The Government of India could have easily formulated their own views on the facts well known to them, and the Secretary of State might have taken such action as he thought fit upon them. No Commission of inquiry, and no Royal Commission in particular, was needed for this purpose and I am afraid the object of the appointment of a Royal Commission will not be fulfilled. The feelings in this country and also in England, which are already sore, the feelings of the friends of the Services and of their critics, will only be embittered and the situation is not likely to be improved by the appointment of a Royal Commission. These questions should have been decided certainly not without inquiry, but they could have been decided by such representations as the Government of India would have made after consulting the Local Governments and Indian public opinion, and then the Secretary of State should have taken action upon the representations of the Government. For these reasons, Sir, I wish that the correspondence between the Government of India and Secretary of State on the question of the present conditions and prospects of the Imperial Services should be placed upon the table of the House.

The HONOURABLE SIR MALCOLM HAILEY (Home Member): I do not propose to follow the Honourable Mr. Kale through the whole of his argument. His specific demand is that we should lay on the table of the House such correspondence as has taken place between us and the Secretary of State on the subject of the appointment of a Royal Commission. I shall deal only with the reasons which he advanced for the necessity of such a course. He has, in arguing his case, brought into discussion the necessity or otherwise of any improvement in the terms of pay and allowances of the Civil Services; I shall not follow him there, for debate on that point is not strictly germane to his motion. I

note only that he admits, as other members of this House have admitted in a previous discussion, that the Services are labouring under certain economic difficulties, and he fully concedes that those difficulties should have been the subject of an inquiry of some kind. The list he gives of recent improvements in pay of one Service, the Indian Civil Service, is a long one; but it is not so imposing in fact as it seems in recital, and he must allow me to inform him that it has been calculated that the total increase in emoluments of that Service amounts altogether to something between 8 and 13 per cent., whereas, of course, the prices in India which affect the Services have risen certainly something over 65 per cent., and by some calculations to 75 or 85 per cent. But that is by the way, and I merely give it for the Honourable Member's information. The real question raised by him is whether that inquiry should have taken place on the part of the Government of India or through the agency of a Royal Commission. He asks us to lay the papers on the table because he is convinced that, if we did so, it would show that the Government of India had in its mind the many considerations which he has put forward against the appointment of a Commission. He proposes himself to be convinced that we have represented these to the Secretary of State; he is anxious to know what the Secretary of State said in reply, and why in spite of such considerations he has made up his mind that a Royal Commission should be appointed. I am afraid that I am rather too experienced a bird to fall into the net of Mr. Kale, charm he never so wisely. Mr. Kale's kind and sympathetic suggestions of the arguments which he is sure we adduced, cannot make me break that confidence which we always preserve as between the Secretary of State and ourselves equally in the case of assent or difference, and I will not tell him what were the discussions between the Secretary of State and ourselves, or even if such discussions took place at all. As a matter of fact, I do not think that the placing of papers on the table of the House would really add anything to the information of the Honourable Member, or give him the assistance he seeks in pursuing the argument that a Royal Commission is not the proper instrument for conducting such an inquiry. It might be satisfactory to him to see what we have had to say on the subject, and what the Secretary of State had had to say in reply; but, Sir, the essential facts are, first, that a Royal Commission has been decided on; and second, that the scope of its inquiry goes far beyond what Mr. Kale suggests. It does not deal merely with the questions of pay and conditions of service. He tells us that the House on a previous occasion agreed that it was necessary that any consideration of this question should take full account of the fact that the process of Indianisation must be continued without interference. But what are the terms of my announcement this morning? It is laid down in the preamble that the Commission is to take account of the declared policy of Parliament in respect of the increasing association of Indians in every branch of the administration. In considering that principle, the Commission will have to apply the experience we have already gained of the working of the Government of India Act, and it will finally be necessary for it to decide as a primary part of its recommendations what numbers of Indians and Europeans will be required in future in the light, first of the major consideration arising

out of the preamble to the Government of India Act, and secondly, out of the particular application due to the experience we have gained of the working of that Act. Clearly and obviously, its scope goes very far beyond what the Honourable Mr. Kale suggested. In truth, I think that Mr. Kale and his friends would be well advised to welcome the Commission now that they know the terms on which it is to be appointed, and the liberal scope of its operations. They will realise that so far from their having to face an inquiry merely into the question whether the pay of this or that officer is sufficient, or whether increased emoluments should be given to this or that Service, they will now have an inquiry on the most liberal terms of reference, on such changes on the Services which are a necessary corollary to the introduction and the working of the Government of India Act. The successful working of that Act and the progress of reforms depends on the maintenance of an administration on the lines laid down in the preamble to that Act. Many close observers have indeed expressed the opinion that that inquiry might well have taken place at the same time that Parliament was inquiring into the terms of our Reforms Act. But if it has been delayed, it is all to the good, since it will not base its views on *a priori* considerations, but on experience actually gained of nearly three years' working of the Act. I must apologise if like Mr. Kale I have been led into straying somewhat beyond the immediate purpose of the Resolution. But I think I have made it clear to him that very little would be gained by pursuing his desire that the papers should be laid on the table, that it is far better that he and those of his friends who have started with an initial dislike to a Royal Commission, should accept the fact of its appointment on the terms announced as on the whole beneficial rather than otherwise. I suggest to him that he might withdraw his Resolution in view of what I have said as to the wide and liberal scope of the inquiry which will be undertaken by the Commission and of the essential necessity of such an inquiry if we are to pursue the path of reforms, with services so organised as to be in a position to aid in the consistent progress of such reforms.

The RIGHT HONOURABLE V. S. SRINIVASA SASTRI (Madras: Non-Muhammadian): Sir, it is a very difficult task to refrain from making any remarks on the necessity or otherwise of the Royal Commission, but I will try to obey your ruling, as far as possible. The fact that the terms of reference are very wide or will be very wide, as indicated in the statement made by the Honourable the Home Member, is very important. The objections to a Royal Commission are greatly weakened by that fact. Nevertheless, the appointment of the Commission is so much at variance with public sentiment in India that it might be helpful to publish the papers as requested by the Honourable the Mover of this Resolution. I am not by any means sure that along with the papers which will be submitted to the Royal Commission the papers now asked for would be published as a matter of course; perhaps they would be. Nevertheless, the point of the Honourable the Mover is of some significance in itself. The Honourable the Home Member took up the very natural position that he would not be justified in disclosing any differences that might have arisen between the Secretary of State and the Government of India in the course of that correspondence. Avowedly or otherwise, the mere

publication would disclose these differences, and the Honourable the Home Member with admirable self-restraint resisted the temptation of enlisting the sympathy of the Indian public on the side of the Government of India. But the public of India have a somewhat different point of view from the Honourable the Home Member, because the development of the Indian constitution hereafter will necessitate a complete discrimination made between the Secretary of State for India and the Government of India in India. We cannot afford to overlook that distinction any longer. It is of supreme significance to us that the Government of India should, as soon as possible, rise to its full stature as a Government over three hundred millions armed with almost unlimited authority, but crippled constitutionally by having to consult a higher authority at the beginning, during the whole course, and at the end of any important measure, either of legislation or of administration. It is a thousand pities that the growth of the Government of India and its constitution should be delayed and hampered by the necessity of continued references to England, and we, who represent the public of India, have every right to ask on all possible occasions that the Government of India should be set fully upon its feet and should be able in a regular constitutional manner to set the wishes of the people of India above even the wishes of the Secretary of State in so far as their own views indicate that such course is proper. Why, Sir? This distinction, repudiated with just emphasis for his own part by the Honourable the Home Member between the Secretary of State for India and the Government of India, is itself recognised by the declaration of August 1917. For it is there clearly stated, although in my view quite unnecessarily, it is there clearly stated that the future development of the Indian constitution depends on the satisfaction afforded by the progress here both to the authorities in England and to the authorities in India, thus recognising the distinction between the Government of India and the Secretary of State and even the co-ordination of the Government of India with the Secretary of State for India. But our interests lie somewhat deeper in this question. We desire, in expressing our disapprobation of the appointment of a Royal Commission, that that disapprobation should take effect, but it cannot take any effect if we beat the air and attack anybody and everybody indiscriminately. We have got to concentrate on the party which we consider to have gone the more decisively against the wishes of the Government of India, and we should like to know certainly what position the Government of India took up and how far the Secretary of State for India either overrode their decision or was in agreement with it. We cannot afford to let these facts lie under a veil. They must be exposed to the public gaze of India.

It has been, Sir, recently stated over and over again that the Secretary of State for India is trying to set at naught a principle which was asserted by the Joint Committee that sat on the Bill of 1919, to the effect that, where the legislative and executive authorities in India were in concurrence on any important subject, the Secretary of State should not as a rule interfere unless imperial interests were involved. We should like to know whether that principle has been upheld or has been given the go-by in the conduct of the negotiations regarding the Royal

Commission. It is for that purpose largely and not for the purpose of inquiring into the necessity of the Royal Commission itself that we are concerned to ask that these papers be published. It is of importance to us to know whether this is also to be added to the list of cases in which the Secretary of State has set at naught that all-important principle of non-interference in cases of concurrence between the Legislature and the Executive in India. I am not, Sir, going into the other question of the Royal Commission itself. As you have just ruled, it is not for us to raise the merits of the Royal Commission itself, and I do not do so. but I would rest my case for the publication of papers upon this ground that the public of India are interested in knowing how far in this particular matter the wishes of the people of India, as represented by the press and by public bodies who have given expression to their views—how far the wishes of the public of India have been represented in the negotiations either by the Government of India or by the Secretary of State.

The HONOURABLE MR. G. S. KHAPARDE (Berar: Nominated Non-Official): I originally sent in an amendment to this Resolution but I find that, as the Secretary of State has made up his mind to appoint a Commission, I do not wish to propose my amendment.

As regards the Resolution, I want to make a submission and that submission is that I think that, as a long correspondence has taken place between the Government of India and the Secretary of State, that is really a proper and a good reason why it should be laid before this House because we like to follow out the history of this transaction as to how it began, how it developed and how it has culminated in the appointment of the Royal Commission. To my knowledge there have been two Royal Commissions on this subject before and they went all over the country and made long inquiries but unfortunately the results were not anyway commensurate with the time and trouble spent over it. And this third Royal Commission, I have my doubts as to what it will accomplish, but my own idea was and still is that I should like to see on what grounds the Secretary of State thought fit to appoint it before the matter was discussed here or ripe for being discussed. So I support the Resolution, though I wish it may be withdrawn because it is not likely to lead to anything now.

The motion was negatived.

28th February 1923.

RESOLUTION *RE* APPOINTMENT OF INDIANS AS DEPARTMENTAL SECRETARIES, JOINT SECRETARIES, ETC.

The RIGHT HONOURABLE V. S. SRINIVASA SASTRI (Madras: Non-Muhammadan): Sir, I beg to move that:

“This Council recommends to the Governor General in Council that in order to give Indian members of the Indian Civil Service an insight into the larger problems of Imperial administration and policy, he would be pleased to appoint, so far as possible, at least one such officer as Secretary, Joint Secretary or Deputy Secretary to every Department of the Secretariat of the Government of India.”

It might be an advantage if, at the outset, I narrated to the Council how I came to conceive of this Resolution and to restrict its scope. I had

been one of those who hugged the fond delusion that when once an Indian got into the ranks of the covenanted Civil Service of India, thereafter he became admitted into the full bliss of Paradise. That there are limitations to the Indian as there were to the Peri, who had only a glimpse of Paradise, I discovered when I was in England in 1921. Then a very influential deputation of these Indian members of the Indian Civil Service, who happened to be on leave or other business, waited on the Secretary of State, and I heard full particulars of what happened. The deputation, Sir, was headed by one who is now the President of the Calcutta Corporation and by another who is now the Dewan of Mysore. Representations made by them, therefore, must carry with them a certain amount of authority, as guaranteed in fact and in felt grievance. This Government must have received information of the proceedings of that deputation, but, so far as the public is concerned, nothing whatever has transpired. The chief grievance was, to put it strikingly, that during the last 20 years, that is to say, after this century began, there have only been 3 Indians belonging to this service who have come into the Secretariat at all, and two of them were here for very short periods only. The Preamble to the Government of India Act lays emphasis on the increasing association of Indians in every branch of the public service. If ever this is to be regarded as a preparation of Indians for self-Government in the future, one would like to find practical proofs thereof in the extent of the scope afforded to the Indian members of the foremost service in this country for learning not merely the secrets but the most responsible features of administration. The Secretariat of the Government of India is then the sphere to which one would go for satisfaction upon the question whether the Government of India is serious in the pursuit of the policy of continuous and sleepless preparation of the Indian element for the work of carrying on and sustaining a fully developed system of representative government in this country. It is a fact, Sir, that I have ascertained that, excepting during the short space of about three or four months when the post of a junior officer in the Secretariat was occupied by an Indian member of the Indian Civil Service, since that preamble took shape, no Indian has been appointed,—there was an Indian before that—to any position in the Secretariat of the Government of India.

Since the elevation of the Member who happened then to be already holding a secretarial post to be Executive Councillor to the Government, there is to-day in the scheduled and unscheduled departments of the Government of India not one Indian Member of the Indian Civil Service holding a post. Now that is a fact that I present to the Council. I will repeat it. There is not to-day one Indian Member of the Indian Civil Service occupying a secretarial post in either the scheduled or the non-scheduled departments of the Government of India. I think if there is a satisfactory answer to that charge I shall be very happy to know it. There are some Indians in the non-scheduled departments of the Government of India. They are not Members of the Indian Civil Service. I welcome them there, and personally I should be disposed to think that they are in too small a number there. But I happened to know that their claims had received the attention of the vigilant and powerful advocacy of my friend the Honourable Saiyid Raza Ali and when I discovered that the Indian members of the Indian Civil Service, who have,

if anything, a claim to the scheduled departments second to none in the country, and a claim not negligible to the non-scheduled departments of the Government of India,—when I discovered that they had no look in, I felt that the time had come to put a question to the Government of India. My question is not in the form of a question; it is in the shape of a Resolution, because that will admit a full discussion and a complete answer from the Government Benches.

Now a few figures only remain for me to give to the Council. It would appear from a statement furnished by the Honourable the Home Member last year that there are 17 Secretaries and Joint Secretaries in the Government of India, that there are 18 Deputy Secretaries; that there are 10 Under-Secretaries, and 20 Assistant Secretaries. These figures, however, I am unable to verify. My figures are somewhat smaller under each head, but perhaps I am wrong in my calculation, for the reason that while the classified list shows certain people as occupying certain posts there may be others occupying posts similar in rank or emoluments but not under their respective classes in the list, which, however, Government are aware of and have brought into their calculation. I will take it that the Government's calculations, although somewhat outside the classified list, are certainly to be taken as more accurate. But then there are 3 Indians among the holders of posts either as Secretaries or posts assimilable to those of Secretaries. Those 3 Indians are, I take it, none of them Members of the Indian Civil Service. There are three people, Indians, occupying the post of Deputy Secretary. I believe none of them is an Indian—I mean an Indian member of the Indian Civil Service. Of Under-Secretaries there are two, neither of whom is an Indian member of the Indian Civil Service. Assistant Secretaries do not come within the scope of my Resolution and I will not therefore deal with them.

If it is asked, 'But how many Indian members of the Indian Civil Service are there who are qualified to come into the Secretariat of the Government of India?', I will give the answer presently, but before that I think I am bound to tell the Council that the Government of India have observed a certain principle, and I think upon the whole adhered to it, and although it would be impertinent of me to say so, I believe it is a salutary principle, that posts in the Secretariat of the Government of India should generally be bestowed on those whom the Local Governments have already taken into their Secretariats and in that way prepared for the responsible duties of secretarial office. Now it seems to me that it would be a perfectly legitimate question to ask, have the Local Governments prepared sufficient material for us to be able to choose from for the still more responsible duties of the Secretariat departments of the Government of India? If the answer to this were either a complete negative or of very meagre scope, the blame would only be transferred to the Local Governments from the Government of India, which is a technical distinction and I think the blame might be apportioned as between them as they please. The public of India, however, would blame Government as a whole. But I think if we examine the matter, it is not as though we were left without sufficient material to choose from. I have got here some figures which I think might be useful. There are 7 officers upon the whole of between 5 years and 10 years' standing in the various Local Governments qualified for secretarial posts—that is, by having held secre-

tarial posts under Local Governments. There are 2 officers of that stamp of between 10 and 15 years' standing. There are 3 of between 15 and 20 years' standing, and there are 4 of over 20 years' standing, who have received a secretariat training under the Local Governments. I think my Resolution is comparatively modest in that it requires only a beginning, that "so far as possible"—Government Benches please note the saving clause "so far as possible" under which they have on historic occasions taken refuge—a post of each grade should be conferred on an Indian member of the Indian Civil Service.

I will only repeat, Sir, in conclusion that I am certainly not adverse, on the other hand, exceedingly favourable, to the claims of members of services other than the Indian Civil Service; but we have got to remember that they are by Statute, unless the Secretary of State gives a special exemption in particular cases, they are by Statute debarred from holding secretarial posts in certain scheduled departments. In the non-scheduled departments they have not a monopoly but have to take their share along with members of the Indian Civil Service. To that extent therefore their claims are limited. The claims of the people who are embraced within my Resolution, it seems to me, are unanswerable. They have not been met before and my question is that they should be met hereafter, and in meeting their claims that the Government of India should bear tender consideration to the requirement which they have solemnly undertaken in the face of the world, that they will prepare Indians as rapidly as may be to sustain their own self-Government.

The HONOURABLE SAYID RAZA ALI (United Provinces East: Muhammadan): Sir, in the last century the custom for a historian who wanted to write a history of the world, more or less comprehensive, was to begin from the flood. If I were to follow a similar course, I believe I should be perfectly justified in beginning from the Charter Act of 1833. I might even go further back, but at any rate that will be a very convenient period to start from. I would, then, come to the Proclamation of 1858 which laid down as to how Indians were to be treated under the British Government. The Proclamation, as this House knows, said:—"And it is Our further will that, so far as may be, Our subjects of whatever race or creed, be freely and impartially admitted to offices in Our service the duties of which they may be qualified by their education, ability and integrity duly to discharge." It would, of course, be incumbent upon me to refer to the announcement of the 20th August 1917 which laid down the policy of the British Government as regards India in more clear and stronger language and then, Sir, I would be guilty of a serious omission if I refrained from referring to the Message of His Majesty the King Emperor sent through His Royal Highness the Duke of Connaught to both the Chambers of the Indian Legislature, which was read out on the 9th February 1921 and which contained the following striking passage "To-day you have the beginnings of Swaraj within my Empire, and widest scope and ample opportunity for progress to the liberty which my other Dominions enjoy." Sir, I would refrain from following the example of the historian of the last century. I would at once come to the terms of the Resolution that is before this House and while coming to the Resolution I want just in passing to offer my hearty congratulations to the Indian members of the Indian Civil Service whose cause has espoused the eloquent support of the Right Honourable gentleman from Madras.

The same weighty support has not been extended to the less fortunate members of other services. I must say, Sir, that I was not quite sure whether the position taken up by the Right Honourable gentleman on the last Resolution that formed the subject of debate this morning was quite consistent with the position that he has assumed now. As Honourable Members will remember, he was opposed to any proportions being laid down for Indians so far as the railway and other services were concerned on the ground that India is our country and that we are entitled to all the public offices and that we have a right to give such a number of posts to the people not belonging to the country as we deem proper. He was totally opposed to any proportion being laid down on the ground that all the posts should go to Indians. It is not a little surprising, remembering that speech as I do, to find that my Right Honourable friend is contented now with only one post out of three at least going to an Indian member of the Indian Civil Service. I thought the Right Honourable gentleman claimed that all posts, namely, whether of Secretary, Joint Secretary or Deputy Secretary should go as a matter of right in the first instance to Indians, without shutting the door in the face of those Englishmen who have been serving this country or who want to serve this country in the future. This, however, is by the way, and I do not want to dwell on the consistency or inconsistency of his position any further. While heartily supporting the Resolution of my Right Honourable friend, I move, Sir, as an amendment that—

“for the words ‘Indian members of the Indian Civil Service’ the word ‘Indians’ be substituted, and that for the words ‘such officer’ the word ‘Indian’ be substituted.

The Resolution, as I seek to modify it, if my amendment is carried, will read as follows:—

“This Council recommends to the Governor General in Council that, in order to give Indians an insight into the larger problems of Imperial administration and policy, he would be pleased to appoint, so far as possible, at least one Indian as Secretary, Joint Secretary or Deputy Secretary to every department of the Secretariat of the Government of India.”

Sir, I should make it quite plain that nothing is further from my thoughts than in any way to disregard or ignore the claims of those Indians who are members of the Indian Civil Service rather I want, if possible, to broaden the scope of the Right Honourable Srinivasa Sastri's Resolution and to include within its terms many Departments which, as his Resolution stands, would fall outside its scope. Sir, the way in which the Indian element has been excluded from that seat of real power, that seat of learning the art of Government, namely, the Secretariat of the Government of India, is known to everybody. The history is almost sad, and it will not serve any useful purpose to show to the Council the way in which the persistent, legitimate demands raised from time to time in the old Imperial Council have been neglected by Government. I believe it will be known to many Honourable Members that, speaking on behalf of Government, in a debate that was raised on this very question in the old Imperial Legislative Council on the 17th of March 1911, the Honourable Mr. Earle announced the policy of Government in the following words:—“There is nothing to prevent the Government of India from appointing a Secretary to the Government of India from amongst the ranks of

Indian officials, if they think fit"; but that 'if,' Sir, as this House will have seen for itself, was a very big 'if' indeed. The weight that should be attached to the appointments mentioned in the Right Honourable Srinivasa Sastri's Resolution, or in the amendment that I seek to incorporate in that Resolution, is not only the weight that attaches to a few posts

3 P.M.

going to Indians, but in fact it raises the entire question of the Indian people standing on their own feet in the long run by learning the art of Government. Sir, a system of Government which excludes the claims of the children of the soil to going through the Secretariat training and performing responsible functions there was disastrous. The position was put in very clear, terse and strong language by that friend of India, Sir Guy Fleetwood Wilson, who served in this country as Finance Member. Dealing with the Secretariat of the Government of India, Sir Guy Fleetwood Wilson on the 8th March 1911 in the course of a debate said that, really, the Secretariat of the Government of India was "the holiest of the holies." He was dealing with the introduction of the Indian element into the Secretariat. Subsequent to that, Honourable Members will remember that at the Simla Session of September 1921 I moved a Resolution drawing the attention of Government to this important question. My Resolution was in fact worded in language which drew the attention of Government more forcibly to this question. Unfortunately, Government at that time did not think that the time had arrived when a Resolution which sought to revolutionize the whole system of administration should be accepted in its original terms. An amendment was proposed to that Resolution by the Honourable Sir Maneckji Dadabhoy, and ultimately the Member on behalf of Government, the Honourable Mr. Craik, who was Home Secretary at the time, himself brought forward an amendment to my Resolution which was carried, and ultimately the Resolution, which commended itself to the Government of India and was passed unanimously by this Council, ran as follows:

"That this Council recommends to the Governor General in Council that Indians should be given opportunities for becoming qualified for appointment to the offices of Secretaries, Joint Secretaries and Deputy Secretaries in the Army, Marine, Education, Foreign and Political, and Public Works Departments of the Government of India."

Seventeen months have elapsed since this Resolution was passed.

THE HONOURABLE THE PRESIDENT: I draw the Honourable Member's attention to the fact that his fifteen minutes have elapsed.

THE HONOURABLE SAYYID RAZA ALI: With your indulgence, Sir, I will finish as soon as I can. The position now compares rather less favourably with the position held by Indians in the Secretariat in September 1921. Whereas in the latter month, there was one Indian Secretary to the Government of India, now there is none. At that time there was one Joint Secretary, whereas if we were to turn to the Government of India List to-day we would not find one Joint Secretary. Strictly speaking, there is not one Indian who is employed as a Joint Secretary. No doubt there are three Deputy Secretaries, but one of them can be called a Deputy Secretary only by courtesy, as his services have been requisitioned here for the purposes of the Budget and he holds a temporary post. In that view, Sir, there are only two Indians, who are employed as Deputy Secretaries to the Government of India. Sir, the position that I take is

this, that while it is the duty of Government to make up its mind and to take a step in the right direction by introducing into the Secretariat Indian members of the Indian Civil Service for the Scheduled Departments, care should be taken to draft Indian officials from the provinces and employ them in the Army and Marine Department if possible, and in any case in the Education, Public Works and Foreign and Political Departments. My amendment is in no way antagonistic to the Resolution of my friend the Right Honourable Srinivasa Sastri. As I have pointed out, if those posts are reserved for the Indian Civil Service, they could go in large numbers to Indians as well. Let not their claim be ignored by Government. Whereas in the case of non-scheduled appointments it will not at all be difficult for Government to draft Indian officials serving in the Secretariats of the various provinces in large numbers. I know there are many Indian officers in the provincial Secretariats who are not members of the Indian Civil Service, and it will not therefore at all be difficult for Government, if Government have the will, to get the services of such officers. I hope, Sir, that after all the Government will bid good-bye to this halting, discouraging and disappointing policy

THE HONOURABLE THE PRESIDENT: When I drew the Honourable Member's attention to the fact that his time was exceeded, I expected him to terminate his speech as soon as might be; I trust he will now try to do so.

THE HONOURABLE SAIIYID RAZA ALI: and embark upon a new policy which will find acceptance at the hands of this Council and which was in fact accepted by Government in September 1921. With these words, Sir, I move my amendment, which runs thus:

"That for the words 'Indian members of the Indian Civil Service' the word 'Indians' be substituted, and that for the words 'such officer' the word 'Indian' be substituted."

THE HONOURABLE THE PRESIDENT: To the Resolution under consideration amendment moved.

"That for the words 'Indian members of the Indian Civil Service' the word 'Indians' be substituted, and that for the words 'such officer' the word 'Indian' be substituted."

That amendment and the main Resolution are now open for discussion by the Council.

THE HONOURABLE MR. PHIROZE SETHNA (Bombay: Non-Muhammadan): Sir, the Resolution moved by the Right Honourable Srinivasa Sastri deals with Indian members of the Indian Civil Service. The amendment which stands in the name of my Honourable friend Saiyid Raza Ali and which he has just moved deals with Indians generally; and because of the Resolution that he had moved on a previous occasion and as I was not sure—although the greater included the less—whether he included the Indian members of the Indian Civil Service, I suggested an amendment to add the words "and other qualified Indians" which, with your leave and the leave of the House, I will now withdraw, because the Honourable Saiyid Raza Ali has explained in the course of his speech that by Indians he means Indian members of the Indian Civil Service and other qualified Indians. Sir, when the Honourable Saiyid Raza Ali moved his Resolution about a year and a half ago, I could not see eye to eye with him, and at that time I observed that his Resolution was premature. I

said so; because the Government of India Act of 1919 had then been in force only for a short time and I thought opportunity might be given to Government to see whether they would carry out the intentions of the Act to the letter. To-day I hold a different opinion and I am in entire agreement with both the Right Honourable Srinivasa Sastri and also the Honourable Saiyid Raza Ali; and if I hold the contrary opinion to-day, it is because, as the Right Honourable Srinivasa Sastri has shown, that nothing or hardly anything has been done by Government in the matter of appointing either Indian members of the Indian Civil Service or other qualified Indians to the higher appointments in the Central Secretariat. The Right Honourable Srinivasa Sastri summarised by informing us that at the present moment in the Secretariat there is not one single Indian member of the Indian Civil Service, but there are some Indians who are not I.C.S. men.

I would like to go further into this matter and I ask the Government to say whether the details that I will just give are correct or otherwise. I hold that Government have had enough opportunities for appointing Indians since the Act of 1919 came into force but they have again no such opportunities as promised in the amendment of Mr. Craik to the Resolution of Mr. Saiyid Raza Ali in September 1921. I will first take those departments which form the exception in the third schedule to the Government of India Act and to which Indians who are not members of the Civil Service can be appointed. Those departments are Foreign and Political, Public Works, Education, Army and Marine.

Now, Sir, in the Foreign and Political Department, there has been no Indian. There was a change in the Secretary in the Political Department. There was a change in the Deputy Secretary both in the Foreign and Political Departments, and the Under-Secretary has gone on leave, and no Indian has been appointed.

In the Public Works Department, there was a change in the Deputy Secretaryship and no Indian was appointed.

In the Education Department, there was a vacancy in the Secretaryship and no Indian was appointed. There are two Indians in the Education Department, one is the Deputy Secretary, temporary, and the other is an Assistant Secretary and both are non-I.C.S. men.

In the Army and Marine Departments there is no Indian, although there were vacancies when the Deputy Secretary went on leave, and there was also the appointment of the Secretary to fill some months ago.

These, Sir, are the Departments to which non-I.C.S. men can be appointed and not a single more I.C.S. or non-I.C.S. has been appointed although there were opportunities as I have shown.

We now turn to those departments which according to the Schedule are the exclusive preserve of the Civil Service. First of all, there is the Home Department. In that Department there was a vacancy of the Secretary's position which has been filled not by an Indian and a Deputy Secretary and an Under-Secretary also were not filled by Indians.

We next take the Revenue and Agriculture Department. There was a vacancy of a Deputy Secretary. The place is still vacant, not filled.

We now turn to the Legislative Department, where there was an Indian Legal Assistant. He has been promoted and confirmed as Deputy

Secretary; but there has been a new Joint Secretary appointed, who is not an Indian.

There is the Commerce Department. Although there were vacancies in the Secretaryship and Deputy Secretaryship, no Indian has been appointed.

In the Industries Department likewise no Indian has been appointed, although, as the Right Honourable Srinivasa Sastri pointed out, the Secretary was an Indian, who is now a Member of the Executive Council, and his place is given to an English member of the Indian Civil Service.

In the Finance Department, they have an Indian as Under-Secretary and an Indian as Deputy Secretary and the latter holds his appointment only temporarily.

Now, Sir, I have given these particulars after careful inquiry to show that there have been a number of occasions when Indians—I. C. S. and others—might have been appointed to some at least of the many vacancies that have been created in the Secretariat of the Government of India since the Act referred to came into force.

To summarise, therefore, there are at the present moment only four or five Indians in the Central Secretariat and all of them not members of the Civil Service. The Right Honourable Srinivasa Sastri was perfectly right in saying that there is not a single Indian member of the Indian Civil Service in the Government of India Secretariat at the present moment.

In addition, the Government of India have adopted, I believe, the recommendations of what is called the Llewelyn Smith Committee, which laid down that Under-Secretaryships should be abolished. Now, if those posts had been continued there would have been chances for Indians to be appointed in that position. The Llewelyn Smith Committee recommended that Private Secretaries should be appointed to Members, but so far they have not been appointed; if they are, these posts or most of them might be given to Indians.

Now, Sir, I would like the House to understand that I do not for one moment say anything in regard to either the efficiency or the ability of these respective gentlemen who have been called upon to fill the positions which fell vacant since the Government of India Act came into force and which I have enumerated. I have the greatest esteem for them and hold them in high regard. I have not named anybody but I cannot refrain from naming only two because of my personal acquaintance with them and because of the fact that they hail from the same Presidency where I come from and because I know their work and worth. They are the Honourable Mr. Crerar and Mr. Graham in this House, one as Home Secretary, the other as Joint Secretary, Legislative Department, and I doubt not that every other member who has been called upon to fill vacancies is as able and as efficient. But, that does not prove the point or answer the question as to why Indians have not been appointed. That is the main issue, and the onus lies on Government to show whether they could or could not find Indians suitable to fill these posts or not. In this connection, Sir, I think I cannot do better than read a sentence from the speech made by the Honourable Mr. Craik on the occasion when the Honourable Saiyid Raza 'Ali moved his motion in September 1921. He said:

"Indians are eligible for all the posts which he (Honourable Saiyid Raza Ali) has mentioned and the sole test of selection for those posts is to select the fittest man, be he English or be he Indian. There is no other test whatever."

And he goes on by saying:

"The sole test for these posts is and must be that of efficiency, and no racial consideration should enter into the question of selection at all."

Therefore what is the conclusion we can come to? We can only draw one or two inferences, that Government tried to select Indians and they could not get them or if they found them they were not fit. The only other inference is that the Government conveniently did not put Indians into these positions. There cannot be a third alternative and I leave it to the House to decide what, in their opinion, is the real reason.

I contend that it is to the interest of Indians themselves as well as to the interest of Government that they should have Indians in the positions enumerated by the Right Honourable gentleman in his Resolution. If you have Indians working in the Secretariat, they are, as it were, behind the scenes. They know how the administration should be carried on, and consequently when they are put in more responsible positions, they will carry on those duties successfully and thus the intentions of Government, namely, to Indianise the services as rapidly as possible, will be adequately carried out. Again either a department is controlled by the Member in charge who is a European or an Indian. If he is a European and under him there are all Europeans and no Indians, then the European Member never gets to know the right Indian view of things; he has got to depend on the views placed before him by his European officials. If, on the contrary, the Member is an Indian, and if all the officers—the Secretary, the Joint Secretary, the Deputy Secretary, the Under Secretary and the Assistant Secretary—happen to be Europeans, then I suppose because it is the practice and that all these officials have got to prepare their own notes and their own reports on everything that is brought before the Member, and being all Europeans they would naturally agree in holding to one view on a subject, we can quite understand that, however much the Indian Member might be opposed to the united opposition of the European Members, he could not overrule them every time if he wanted peace and harmony in his department. Therefore I say, both in the interests of Indians and in the interests of the Government, it is advisable that in all the departments they must have at least some Indians, whether I. C. S. or non-I. C. S. men. The Right Honourable gentleman gave us this morning the number of them available

THE HONOURABLE THE PRESIDENT: It is a very curious thing, but there must be some malignant influence at work to-day. I do not think at the last six meetings I have had to call Honourable Members' attention to the time limit, but to-day I have had to do so twice already.

THE HONOURABLE MR. PHIROZE SETHNA: According to me, Sir, I have spoken for only 10 minutes.

THE HONOURABLE THE PRESIDENT: According to my entry the Honourable Member has spoken for 14½ minutes.

THE HONOURABLE MR. PHIROZE SETHNA: I have much to say, but I will certainly accept your ruling, Sir. I will only say this. There

is a certain section of the press in this country and in England who take to task Members of both Houses of the Legislature for constantly bringing up Resolutions asking for the greater and more speedy Indianisation of the services. This is done by individuals also. The House will remember I was taken to task by one Honourable Member of this very House, who, if he were present here to-day, would again have taken us to task and perhaps severely, because there was not one Resolution but because the only two items on the Agenda to-day are Resolutions relating to Indianization of the services. I refer to the Honourable Sir Edgar Holberton. But if we bring these Resolutions forward, who is to blame, is it ourselves or the Government? It is frequently said the Moderates do not co-operate with the Government in the manner they ought to; that their co-operation is not boldly avowed, it is not constant, that it is timid and that it is punctuated with gestures of dissent for the benefit of the nationalist gallery. Let me assure the House that, so far as we Moderates are concerned, if the Government will only live up to their professions and their pledges we shall certainly be more constant and less timid.

The HONOURABLE MR. J. CRERAR (Home Secretary): Sir, I shall first say a few words on the amendment only, reserving my right to speak on the Resolution

The HONOURABLE THE PRESIDENT: The amendment and the Resolution are both under discussion in the Council.

The HONOURABLE MR. J. CRERAR: If I speak at this stage, will I be in order in speaking on the Resolution later?

The HONOURABLE THE PRESIDENT: If the Honourable Member is in charge of the Resolution on behalf of the Government, he will have an opportunity of speaking on the issue before the House, and he will again have a further opportunity of replying after I have called upon the Mover to reply if the debate goes to that length. At present the matter before the House is the Amendment and the Resolution which are both being taken together. He will therefore have only one speech at this stage.

The HONOURABLE MR. J. CRERAR: Sir, I welcome the amendment moved by my Honourable friend Saiyid Raza Ali because it gives a wider extension to the Resolution moved by my Right Honourable friend opposite and on this important question I am not only content but desirous that it should be debated on the widest issues. Sir, I have not for long followed with close attention the speeches and writings of my Right Honourable friend without failing to recognise that any case to which he lends his powerful and persuasive advocacy will be found an issue of moment; that it will be presented not only with eminent ability, but with scrupulous fairness and moderation: that it will be in close relation with fact, and that it will be an attempt and a powerful attempt to translate into practical politics some important and salutary principle. Sir, a case so presented cannot fail to be a formidable case, and I should feel much more uncertain of my position in having to reply to my Right Honourable friend and the Honourable gentleman who succeeded him if I did not feel, in the first instance, that there is a great deal of misapprehension of fact, and I hope in the remarks which I have to make I shall be able to do a great deal to correct that misapprehension. The

second consideration which to a large extent confirms me is this, that I feel that, in essence, there is really no divergence in principle between the views expressed by the Right Honourable gentleman and the views which are entertained and acted upon by the Government of India. My Right Honourable friend made one remark on which I shall venture to introduce a cautionary word. He spoke of entry into the Indian Civil Service as being entry into a paradise. If my Right Honourable friend is animated by any impression of that nature, I would certainly appeal to his humanity, an appeal which I am sure is seldom if ever made in vain, to hold his hand while there is yet time. But I take it that my Right Honourable friend's intentions related, not so much to the felicity of the denizens of that dubious paradise, but to the extent to which they are allowed on equal terms to partake of the fruit of the tree of knowledge of good and evil, and it is on that assumption that I proceed. I have two preliminary observations to make. They may be obvious, but they are of importance to the statement of my case and as such I hope Honourable Members will listen to me with patience and forbearance. It may be that the disposition of Governments and still more the disposition of their servants is to magnify their offices. But I do not think I am doing more than stating an obvious and palpable fact when I say that to the departments of the Government of India are entrusted in a very exceptional degree and in a very exceptional sense, many of the highest interests of the Indian public and the State. If that is so, I do not think it is a questionable inference to draw that in making appointments to these departments the Government of India must adhere scrupulously and strictly to the principle of selection on the basis of proved merit and ability. I use old, perhaps well-worn, terms, but they are terms which have a practical significance at this time perhaps more than any time that has preceded; and when I speak of efficiency I do not speak of a reasonable and tolerable degree of efficiency; the degree of efficiency which the Government of India has to get from the resources and the material at its disposal, necessarily imperfect, is a degree of maximum efficiency. If the answer to that proposition is accepted, I think it will follow that, apart from the immediate question of selection, there is a precedent proposition which requires careful and precedent attention, and that is the sources of supply. You cannot make good selections unless you take timely and judicious measures to extend and to improve your sources of supply; and I shall show that in that direction a very great deal has been done. It has been pointed out, I think by my Honourable friend Mr. Sethna, that the provincial Secretariats have been the main, and on the whole a satisfactory, recruiting ground. I am reminded that it was my Right Honourable friend who pointed it out. I shall refer to this in some detail at a later stage and I now wish to emphasize that our sources for selection are likely to be further extended in the future by an increase in the Indian element in the public services generally. The question of the definite reservation of a certain number of posts for a particular community stands very differently in its application to the administrative services generally, and to selective posts within or without those administrative services. It may be possible and practicable to lay down some definite principle in the case of administrative services generally, but we should be adopting an exceedingly dangerous

and exceedingly inconvenient principle if we proposed to apply it to selective posts.

I will now turn to the actual condition of affairs. It was pointed out by my Honourable friend Saiyid Raza Ali that when this question was debated in 1911 on the motion, I think, of the Honourable Mr. Subba Row there was at that time only one Indian in the Secretariat of the Government of India; and there were very few in the provincial secretariats. A great advance had been made by 1917. Taking the total number of superior posts in the provincial secretariats,—by superior posts I mean all posts of the grade of Assistant Secretary or of similar status and upwards—the situation was that there were 13 Indians and 111 others.

The HONOURABLE MR. LALUBHAI SAMALDAS: What about Under-Secretaries? Can you give separate figures?

The HONOURABLE MR. J. CRERAR: The Assistant Secretaries were 4 Indians and 42 others. In the year 1922 the situation had undergone what I think the House will admit a very significant change. There were in October 1922 as nearly as I can ascertain 51 Indians holding superior appointments in provincial secretariats and 131 others; that is to say, the number of Indians in that period of five years had almost quadrupled.

I will approach the matter from another point of view. My Right Honourable friend estimated that of the members of the Indian Civil Service whom he regarded as *primâ facie* qualified by the length of their service for Secretaryships—he took a period of twenty years' service—there were 15. I have not verified my Right Honourable friend's figures, but I am prepared to accept them. I observe at the same time that the number of European Members of the services in question with the same period of service was 473. There were also at the same time in the provincial secretariats five Indian Secretaries and 66 European Secretaries. Now, Sir, the proportion of Indian Secretaries to the number of officers of that length of service—in the case of Indians—is 33 per cent.; and the proportion in the case of Europeans is 14 per cent. I ask the House to consider whether those figures give any indication of any reluctance on the part of provincial Governments to increase the number of Indian secretariat officers in their service. As time is passing I shall not inflict too many statistics on the House, but I will now deal briefly with the state of affairs in the Government of India Secretariat. I again take all superior appointments including those of Assistant Secretaries up to the posts of Secretary and officers of similar status. There are at the present moment 14 Indians, and but for the fact—for which I think the House will not impute any desire on the part of Government or higher authorities than the Government of India to withhold positions of great responsibility and trust from Indians—were it not for the appointment of an Honourable gentleman to the Executive Council of the Viceroy, there would have been 15 Indians

The HONOURABLE SAIYID RAZA ALI: May I ask, Sir, whether the Honourable Member will keep to the terms of the Resolution and confine himself to the posts of Secretary, Joint Secretary, and Under-Secretary and not go lower down?

The HONOURABLE THE PRESIDENT: It is a matter for comment possibly but he must allow the Honourable Member to develop his argument in his own way.

The HONOURABLE MR. J. CRERAR: I have already made it clear to the House and I hoped I had made it clear to my Honourable friend Saiyid Raza Ali that one of the most important considerations arising is not so much of the actual question of selection as of the sources of selection, and if I referred to appointments which were not strictly within the ambit of the Right Honourable gentleman's Resolution it was with reference to the extension of the sources of selection. Now, Sir, I have given a summary of the figures regarding the present position in the Government of India Secretariat, and I have reason to believe that the numbers of the Indian Officers in the Government of India Secretariat will before long be increased. I think I have said enough to show that there is not only no reluctance on the part of the Government to give effect to their expressions of sympathy when this question has been previously agitated, that these are not merely empty expressions, but that very substantial effect has been given to them in such a way as to hold out the best hopes for a still more rapid and a still more effective increase in the future.

Now, Sir, I shall turn to the actual terms of my Right Honourable friend's Resolution. In effect, it consists of two propositions—a major proposition and, if I may venture to call it so, a minor proposition. The major proposition is, that Indians—if I may take the Resolution as it would be amended in the wider terms by my Honourable friend Saiyid Raza Ali's amendment,—that Indians should be given an insight into the larger problems of Imperial administration and policy. That is the major proposition, and with regard to that, I have no hesitation in saying that it has the complete and unqualified assent of the Government of India. Then his minor proposition is that as an expedient at least one officer should be appointed as Secretary, Joint Secretary or Deputy Secretary in every Department of the Government of India. Now, Sir, as regards the major proposition, I have already said that it has the complete and unqualified assent of the Government of India. My Right Honourable friend adverted to the Parliamentary Declaration of 1917, and I freely admit that it has a very important bearing on his major proposition. If we are to provide for the increasing association of Indians in all branches of the public service, it follows that we must give them opportunities for qualifying themselves to higher offices in the services, and on that issue there is no discrepancy whatever between my Right Honourable friend's position and the position of the Government of India. The discrepancy is only with regard to the expedient. That expedient, Sir, cannot be given effect to without a very definite abrogation from that criterion of selection by proved merit and ability to which I have already referred. If we were to fix that definite rule, it will be the first time that a distinction on the grounds of race will be imported into this important question. The Government of India is as alive as any one else to the desirability of Indians participating as fully as possible in the higher branches of the administration. They have everything to gain by it. If something can be done to correct the volume of ill-informed, and sometimes

destructive criticism, which is so frequently brought to bear upon the Government of India, if something is done to show the difficulties of Government,—not simply the difficulties of concealing their proceedings, of explaining or explaining away their errors and omissions, but the real difficulties of Government of a totally different character which can hardly be appreciated by any one who has not been brought into close and personal contact with them,—the more those difficulties are appreciated by Indians the better will it be for the Government of India. But, Sir, I think the Government of India took the right course in making no misguided and premature endeavour to secure those results by the sacrifice of principles of even greater importance. I do not think, Sir, that the result of the adoption of such a rule would really be to the benefit of the Indian officers themselves. It is now impossible for any one to say if an Indian officer who has been appointed to one of those posts that he was appointed otherwise than on the criterion of proved merit and ability. If this rule is adopted, I do not say that it will be possible to impute inefficiency or unworthiness to an officer so selected, but it would for a stringent critic be possible to say that a breach has been made in that old criterion of selection by proved merit and ability to which at present every Indian officer in that position can now confidently appeal. Now that has also an effect upon the European Members of the services, though I do not want to labour the point. But if a rule of this kind is adopted, it will undoubtedly trench upon the reasonable and proper interests of the European Members. Sir, not long ago than yesterday, we heard in this House a discussion on the question of compensation. We heard vehement, even passionate speeches on that subject, and on the indefeasible principle of justice and morality on which it rests. Sir, I have not heard any reference to that principle in the House to-day.

I think, Sir, I have said enough to establish my first proposition and also with regard to the position taken by my Right Honourable friend and by his supporters and the position of the Government of India. There is, if I may interpret my Right Honourable friend correctly, no substantial difference, and I would venture to suggest an amendment in the following terms to his Resolution which the Government of India would be perfectly prepared to accept:—

“This Council recommends to the Governor General in Council that in order to give Indians an insight into the larger problems of Imperial administration and policy, they should be afforded wider *opportunities* to become qualified for appointment for the posts of Secretary, Joint Secretary or Deputy Secretary in all departments of the Secretariat of the Government of India.

That, Sir, in my opinion, preserves in its integrity the principle advocated by my Right Honourable friend.

THE RIGHT HONOURABLE V. S. SRINIVASA SASTRI: May I have the terms of the amendment, Sir?

THE HONOURABLE THE PRESIDENT: Will the Honourable Mr. Crerar hand it in to the table?

(The Honourable Mr. Crerar handed the amendment to the Chair.)

THE HONOURABLE MR. J. CRERAR: I put forward that amendment, Sir, because I venture to think that it does preserve in its integrity the

principle for which my Right Honourable friend has been contending. There are two essential points to which the Government of India must adhere, and I fear that if the Government of India accepted the Resolution in terms originally drafted by my Right Honourable friend, those principles might be in jeopardy. These two are, firstly, that in making these appointments, the Government of India must reserve to itself an absolute discretion to regard the paramount interests of the public services and secondly, that it must observe justice and equity in the treatment of all its public servants. I should be the last to suppose, Sir, that the Right Honourable gentleman or any other Honourable gentleman would for a moment desire or ask the Government of India to commit themselves to a position in which they might be obliged to infringe those two principles. An assurance of that kind would be an assurance which the Government of India could not honourably give because they could not honestly give effect to it.

THE HONOURABLE THE PRESIDENT: To the Resolution under consideration further amendment moved (this amendment also includes the Honourable Saiyid Raza Ali's amendment—in so far as it extends the Resolution to "Indians," as I understand):

"That for the words 'he would be pleased to appoint, so far as possible, at least one such officer as Secretary, Joint Secretary, or Deputy Secretary to every department' the words 'they should be afforded wider opportunities to become qualified for appointment to the posts of Secretary, Joint Secretary or Deputy Secretary in all Departments' be substituted.

The Resolution would then run as follows:

"This Council recommends to the Governor General in Council that in order to give Indians an insight into the larger problems of Imperial administration and policy, they should be afforded wider opportunities to become qualified for appointment to the posts of Secretary, Joint Secretary or Deputy Secretary in all Departments of the Secretariat of the Government of India."

In so far as the Honourable Saiyid Raza Ali's amendment is concerned, it is included in this amendment. The amendment I have just read to the House and the original Resolution are now open to discussion.

THE HONOURABLE MR. PURSHOTAMDAS THAKURDAS: Do I understand that the Honourable Mr. Crerar has moved that amendment or what is the position?

THE HONOURABLE THE PRESIDENT: The position is perfectly clear. The Honourable Member has moved an amendment. I have now read it to the House and it and the Resolution are open for discussion to the House. If the House vote in the affirmative on the amendment, the amendment will be passed; if they vote in the negative the amendment will not be passed.

THE HONOURABLE MR. PURSHOTAMDAS THAKURDAS (Bombay: Nominated Non-Official): Sir, it is usually said "Give a dog a bad name and hang it." It has lately been the fashion to run down Indian aspirations in the field of economic, commercial and industrial development by nicknaming it and qualifying it as political. It has to-day been the fashion, I see, in this House to call this Resolution a Resolution based on something racial. At the discussion to which the Honourable Saiyid

4 P.M.

Raza Ali referred 17 months back, the Honourable Mr. Craik used stronger language than my Honourable friend opposite. He said:

"From the wording of the Resolution it seems to me that the Honourable Member is trying to introduce the serpent of racial discrimination where it does not at present exist."

My Honourable friend opposite used much milder terms, but both of them point to the same direction. I do not know what justification either those who nickname commercial aspirations as political or national aspirations as racial have. But I will remind my Honourable friend opposite of one thing, that if there is anything racial about this aspiration reflected by the Right Honourable Member in his Resolution, the fault does not lie with him. You have got to search the history of the past 90 years to find out who is responsible for it. I hold, Sir, in my hand quotations from three very eminent statesmen at intervals of twenty years each. They each of them said in absolutely unmistakable terms that the more employment of Indians in higher posts and generally in all posts of Government service in a larger measure was not only necessary but was what was due to Indians. The figures quoted by my Honourable friend opposite unveil rather a sad tale. My Honourable friend opposite may congratulate himself and congratulate Government that there is a certain increase of Indians since 1911 or 1912. But that is not the point. The fact still remains that the proportion of Indians in these higher services and higher posts is almost negligible.

My Honourable friend referred to appeals made in this House yesterday in connection with compensation. I am not sure, as I could not hear him distinctly, as to what he means, for I missed the latter part of his speech and I really would like to hear him when he gets up to reply at the end as to what compensation he referred to and what discussion in this House he had in his mind. I was not present in the House yesterday, but I know that for the last day or two there have been appeals going out in connection with Watans and Brahman priests and if there is anything common between the Watans and Brahman priests of Bombay and the I. C. S. or any other Government service, I would certainly be very much interested in hearing the developments of that argument of my Honourable friend opposite.

My Honourable friend said, Sir, that the major part of this Resolution consists in insight into the larger problems of Imperial administration and policy. With that very major part my Honourable friend said that the Government of India were in full sympathy. I felt when I heard that, that it was one important step taken—and that is one important point—in favour of my Right Honourable friend over there. But it always appears, Sir, from the history of these things that the most important and major parts of such Resolutions have the sympathy of Government. What appears to stick is generally the small tail at the end. It is this small tail in this case also which appears to have stuck and cannot find admission within the portals of the Government Secretariat, and in this particular instance, Sir, I submit that it is a very very mild, and very lean small tail. My Right Honourable friend only wants that as far as possible—mark, Sir, the very general

term—one post may be given to Indians. If even the acceptance of that is looked upon by Government as grave interference with their rights of ensuring efficiency, all I say is, Sir, that it is not much good discussing any such Resolutions in this House unless one restricts oneself to block voting and to short speeches.

The HONOURABLE MR. J. P. THOMPSON (Political Secretary): During the luncheon interval, Sir, I occupied myself in working out certain statistics which I think will be of interest to the House, as they seem to show that it would be quite impracticable for the Government of India to give effect to the motion of my Right Honourable friend Srinivasa Sastri at once or even in the course of the next few years. The whole question so far as the Indian Civil Service is concerned turns on the number of Indian I. C. S. men who are available in certain years. I think that will be admitted. I believe I am right in saying that up to the time when the Royal Commission on the Public Services completed its labours, there had been no very perceptible rise in the number of Indians in the service; so that although the particular years for which I shall give the House statistics end with 1907 for a reason which I will explain, I take it that the position would be very much the same for a certain number of years after that date. We may take it, I think, that the Members of the Indian Civil Service who are normally considered for appointment as secretaries to the Government of India are men who have from 20 to 25 years of service in the country and that men who are considered for appointments as Deputy Secretaries are normally men with from 15 to 20 years' service. Now, the total number of I. C. S. men with from 15 to 25 years' service at the present moment is 450. Of these 29 are Indians, or $6\frac{1}{2}$ per cent. The total number of appointments with which we are dealing under the Resolution of the Right Honourable Srinivasa Sastri is, I believe, about 23, in 9 departments. What the Right Honourable Member asks for in effect is that one appointment in each department should be given to the Indian Members of the Indian Civil Service, that is to say, that 9 appointments are to be given to 29 members of the Indian Civil Service, leaving the 421 non-Indians to compete for the remaining 14 appointments. In other words the Right Honourable gentleman proposes to give Indian Members of the Indian Civil Service a three to one chance of getting an appointment as Secretary or Deputy Secretary in the Government of India, while the non-Indians are to be content with a thirty to one chance.

Out of those 29 members who are Indians, a considerable number are naturally serving in the judicial line and I calculate that at the present moment there would only be 17 available in the ordinary course for secretariat appointments. The result would be that these 9 appointments would be practically reserved for 17 members of the Indian Civil Service, and if I may speak of my Indian colleagues from my knowledge of the way in which non-Indian members look at these appointments, I doubt very much whether, if Government were to advertise the fact that it intended to act on this policy at once and offered these 9 appointments and called for applications for them,—I doubt very much whether a sufficient number of members of the Indian Civil Service would apply to fill all the appointments that were offered.

The HONOURABLE MR. PHIROZE SETHNA (Bombay: Non-Muhammadan): Sir, however much we would like to meet Government in order to bring about a compromise, I for one regret that, for the reasons which I will presently give, it is not possible for me to accept the amendment of my Honourable friend Mr. Crerar. To-day it is the Honourable Mr. Crerar who is speaking for Government. Eighteen months ago it was the Honourable Mr. Craik who spoke on Government behalf. But, it reminds one of the Biblical reference that the hand is the hand of Jacob and the voice the voice of Esau. The Honourable Mr. Craik, I believe at the request of the Honourable the Leader of the House who is always anxious to bring about a satisfactory compromise, brought forward an amendment to the Resolution of my Honourable friend Saiyid Raza Ali, in September 1921 to the effect that "Indians should be given opportunities" for becoming qualified for these appointments. To-day, Sir, it is not Mr. Craik who is speaking, but it is the Honourable Mr. Crerar who says that "Indians should be accorded wider opportunities to get an insight into the larger problems of Indian administration." As the House will see, the amendments on both occasions are on identically the same lines. If the previous amendment which the House accepted, I believe unanimously, was given effect to, I think the Government Benches would be perfectly justified in asking us to-day to accept a similar compromise as the one previously proposed. What is our experience? I think in my first speech I have given clear facts to show that absolutely nothing has been done in the matter of giving opportunities to Indians who are not members of the Indian Civil Service in the departments to which, under the exceptions to Schedule III, they are entitled to be appointed. Likewise I have shown that the position of Indian members of the Indian Civil Service is worse. Is it fair on the part of Government, after that experience, to ask us again to allow them to move that "wider opportunities" should be given in the case of all Indians, be they of the Indian Civil Service or not? I for one, therefore, Sir, certainly oppose the amendment.

Now, as to the figures which my Honourable friend Mr. Thompson gave, he said that if effect was given to the Resolution moved by the Right Honourable Srinivasa Sastri, it will be tantamount to selecting 9 men out of only 29 Indian I. C. S. men available for appointments as Secretaries. May I draw the attention of the Honourable Member to the Resolution which clearly says that only one Indian in each department should be appointed either as Secretary, Joint-Secretary or Deputy Secretary, and I hope my Right Honourable friend will also include Under-Secretaries. . . .

The HONOURABLE MR. J. P. THOMPSON: May I explain, Sir? It is a question of multiplying one by nine, there being nine Departments.

The HONOURABLE MR. PHIROZE SETHNA: I beg to differ from my Honourable friend. He explained that only 29 members will be available. I would like to know from the Honourable Mr. Thompson if the figures I am quoting are correct or otherwise. If I understand rightly, a civil servant must be of at least 5 years' standing to be made an Under-Secretary, and I say, Sir, that there are to-day 19 Indian members of the Indian Civil Service with service between 5 and 10

years. Civil servants between 10 and 15 years are entitled to be appointed as Deputy Secretaries, and I hold that there are 8 such Indians. Similarly to hold the posts of Joint or Deputy Secretaries, a civil servant must be of 15 to 20 years' standing, and there are 13 Indians in the same service; and finally, Sir, so far as I know, there are not 29, but 15 Indian members of the Indian Civil Service with 20 and more years of experience to entitle them to the appointment of Secretaries and Executive Councillors. These figures will show that the Right Honourable gentleman is not asking too much when he asks for only one appointment as either Secretary or Joint Secretary or Deputy Secretary, in each Department and I would appeal to the Right Honourable Mover to include in his list Under-Secretaries also in each Department of the Government of India.

The Honourable Mr. LALUBHAI SAMALDAS (Bombay: Non-Muhammadian): Sir, I rise to oppose the amendment. When the Honourable Mr. Crerar put his case before the Council, he laid so much stress on maximum efficiency that one felt that in the opinion of Government no Indian Civil Servant came up or could come up to that maximum efficiency. I do not think he meant it, but he was practically defaming the Indian Members of the Service by trying to show that the Indian Members of the Indian Civil Service were so inefficient that they could not be entrusted with the work of either Secretary, Joint Secretary, Deputy Secretary or Under-Secretary. The way in which he spoke and the great emphasis he repeatedly laid every time on the words "maximum efficiency," and the words that he used—I am quoting his words "If we accept this Resolution it will mean the abrogation from the criterion of selection," all these showed that if Government appointed Indians to the Imperial Secretariat they will be abrogating their duty to the country merely to please a few members of the Indian Civil Service or a few Members of this Council. We on this side of the House do not want that efficiency should in any way be sacrificed, but we do believe that there are efficient men in the Indian Civil Service, men as efficient as the European members of the Indian Civil Service, and if Government will not find them, if they will not try to find out such men, then the fault is theirs and not of the Indian members of the Indian Civil Service who cannot reach the portals of what my Right Honourable friend said, the paradise of the Civil Service. Sir, the figures given by the Honourable Mr. Thompson do show, I think, that there may be some difficulty in carrying out fully the Resolution moved by my Right Honourable friend but the Honourable Mover has made it quite clear that he does not insist that in each case every post should be given to an Indian. In his speech and also in his Resolution the Honourable Mover clearly says "as far as possible." None of us want to take away from the European members of the Civil Service their rights. We want the rights of our countrymen to be respected and treated in the same manner as the rights of the European members of the Civil Service, and we want them to be given the same opportunities. And we want to give them same opportunities not for qualifying, because we do believe that they are as qualified as the European Members of the Civil Service, when they come here, but to be given an opportunity of working and showing their worth

by being appointed either as Under-Secretaries—and I appeal to my Right Honourable friend to include the word Under-Secretaries as far as possible,—or Deputy Secretaries or Joint Secretaries, or Secretaries. Sir, it is a question not of racial discrimination. We do not want that Indians who are inferior to Britishers should be given preference but we want Indians of equal capacity, and we know that there are many of that kind—I will not refer to any by name—to be given an opportunity to do equally good work. We want this amendment to be thrown out and the Resolution to be accepted as moved by my Right Honourable friend.

The HONOURABLE SAIYID RAZA ALI: Sir, at times the best way of killing a rude, crude and undigested Bill is to refer it to a Select Committee. I have been noticing of late a tendency in the front Official Benches to try to kill well-thought out Resolutions by coming forward, with amendments which are intended to serve the same purpose, namely, kill those Resolutions. I, Sir, am opposed to the amendment of my Honourable friend Mr. Crerar. Now, Honourable Members know that an amendment in almost identically the same terms as that moved by my Honourable friend was brought up at Simla in September 1921. We know that my Resolution, as modified by the amendment of Mr. Craik, was unanimously passed. We also know, Sir, what has been done during the last 17 months, namely, our position in the Secretariat is worse to-day than it was in September 1921. That being so, may I ask whether the Honourable Mr. Crerar seriously wants this Council to give its acceptance to an amendment of this character? If he is prepared to have that amount of confidence in this Council, I have no doubt he is very seriously mistaken. I for one, Sir, would rather have a fair and square deal than going in for camouflage. If Government are not prepared to listen, to our recommendation let them come out with a clear proposition and let them say that they are not prepared to accept it. But to bargain and to camouflage in that way is not an attitude on which I can congratulate the Honourable Mr. Crerar. But, Sir, these things I need not repeat since my friend the Honourable Mr. Sethna has already referred to them. What struck me as particularly significant in the speech of Mr. Crerar was what amounts really to adding insult to injury.

No, I do not mean his amendment; I mean his speech. The point is this that he seemed to argue that we wanted to have Indians because they were Indians and he went on to dwell on the subject in such a manner as indicated that a sufficient number of competent Indians would not be forthcoming to be employed in the places mentioned in the amendment. Now, Sir, we do not want Indians to be employed in these posts because they are Indians. As a matter of fact, nobody wants that. Nobody has advocated that and that is the case of nobody. What we submit, Sir, is that Indians should not be excluded because they are Indians. That is the only proposition we have been pressing upon the attention of Government from time to time. If you find equally efficient Indians, if you find equally competent Indian officers, then don't ignore them because they are Indians. If you change that attitude I am quite sure, Sir, that you will be meeting the wishes of this Council.

Now, as to the percentages worked out by the Honourable Mr. Thompson, the only thing to which I would invite his attention is the wording of the Resolution which is before this House. Nobody wants that 9 out of 29 posts should be provided for Indians all at once or in one week or in one day. But let there be a start. Let not all the 9 posts be filled at present. Let 8 be filled, let 7 be filled. Let as many as 6 go to Indians for the present so as to reduce the disparity in the percentages brought out in the Honourable Mr. Thompson's speech. I think, Sir, that the only way in which we should deal with the Honourable Mr. Crerar's amendment is unwillingly but as in duty bound to oppose it.

The HONOURABLE SIR DINSHAW WACHA (Bombay: Nominated Non-Official): Sir, I am sorry to say that I cannot agree to the amendment of Mr. Crerar. Since this House was established, Sir, two and a half years ago I have heard off and on in this Chamber two shibboleths by officials on the front Bench—sympathy and efficiency. Sympathy for everything. The Government have got sympathy. They put their hands on their heart and say "The Government have sympathy." But *what* is this sympathy? It is nothing but pure lip sympathy, barren sympathy. I have never seen that that sympathy has materialised in any way. So much for "sympathy." Now, as regards "efficiency." We are all talking about efficiency, efficiency. When the Commander-in-Chief is here or his Military Secretary, they say the same thing—we must have military efficiency. When a Civilian Member of Government is here, he talks about civil efficiency,—we must have efficiency. What is efficiency, we do not know. They keep a standard of efficiency for themselves and consider that we Indians have got no efficiency. In old times, the Athenians and the Greeks always spoke of people of the world outside their little one as "barbarians," and it seems, Sir, that the Government also think that Indians are barbarians. They only are civilised people, having efficiency, sympathy, and everything else. They all pose as paragons of intellectualism. We, Indians, have nothing—absolutely nothing. We are mere dregs, we are leather and prunella or *kachadas* so to speak. That is the position of Government. All right. But what then is the use of Indianization? What is the meaning of Indianization? I have always said, "Let there be Indianization but let it be slow and steady, step by step." So far I am prepared to agree. But if, when we ask for the smallest of small of Indianization of the services, they say that we should have only an iota of the Indian service! Then, of course, there is what I call a *non possumus* action. If that were to go on, where may Indianization be? It may not come on for 50 years. My Honourable friend Mr. Thompson gave out some statistics. I listened to these with very great attention. But what is the upshot of it? Practically speaking, I think that if this goes on, for the next half a century, at all events we shall not have a single Indian as Secretary or Deputy Secretary. Of course, there are the largest number of European civilians, and if the Honourable Mr. Thompson's inference from his statistics was to be adopted, there shall be no Indianization at all! We shall never have any Indianization or even a single Indian Secretary to see. Is that the way in which Indianization is to

proceed? Is that the spirit of Indianization? Is that the spirit in which the Chelmsford-Montagu reforms were framed? Is that the spirit in which Parliament has granted the reforms? You now say that we are not strong and efficient, and therefore we cannot be employed. Who are these people to talk of efficiency? They are the judge and jury themselves. They set a standard of their own efficiency. They are the judges of facts whether we are efficient men or not. We are nowhere. That is the position. It is all one-sided from beginning to end. And when this point is raised, if there is nothing else, the question of race is brought forward; if there is nothing else, the question of efficiency is brought forward. So that, the thing is moving in a vicious circle, and all those shibboleths which we have heard to-day have been repeated here for the last 2½ years. That is not the way in which the reforms were granted. That is not the spirit in which Parliament has given us the reforms. I am sorry to say that the Government are now really going back on their plighted word. There is no honesty or integrity in the Government I am sorry to say.

The RIGHT HONOURABLE V. S. SRINIVASA SASTRI: Sir, as regards the amendment of my Honourable friend Saiyid Raza Ali, I may at once say that I am in sympathy with it and when the time comes for voting on it I shall vote in its favour. With regard to the amendment proposed by the Honourable the Home Secretary I have got two or three words to say.

In the first place, he offers to members of the Indian Civil Service and to others alike wider opportunities of qualifying for particular posts. Does the Honourable Member wish me to understand and wish this Council to understand that the members of his service, being Indians, having gone through the same experience as their European colleagues, passed the same tests, doing the same duties, having also served their term in the local Governments' secretariats, are still to be regarded as people requiring wider opportunities of qualifying for these services? It seems to me, Sir, that in using the word 'Indians' in his amendment freely so as to impress members of the Indian Civil Service as well as others, he casts a reflection impliedly, if not expressly, on his own colleagues. They at least are people of whom it could be said that they had established their merit and ability. I was astonished at the way in which he enunciated the doctrine that the Government of India cannot afford to pay any consideration to conditions other than efficiency. No one wished, not certainly I, no one wished that the Government of India should depart from that principle to the slightest degree, but I cannot assent to the implication that the Government of India have hitherto scrupulously adhered to that principle and have still been unable to give Indian members of the Indian Civil Service the facilities which I ask for. That is a proposition that I cannot in the good name of India agree to. Other considerations must have come in. I could, Sir, speak candidly as one man of practical affairs to other men of practical affairs. Could it be denied that some time ago at all events it was considered that an Indian, being an Indian, was to some extent as regards the innermost secrets of administration not a person quite to be trusted? No one can speak to a policy having actually actuated him or impelled him in the administration of daily

duties; but there can be no doubt whatever that in the past, in the civil as in the military direction, Government's policy in filling up high appointments has to some extent been coloured by the requirement of the utmost trustworthiness in their officials, and they have held that such trustworthiness might not be found in Indians. I am here only to plead that if that suspicion has hitherto governed the conduct of Government, it ought no longer to be allowed to do so. We are here at a time when it has been accepted as the policy of the Imperial Government that India should be transferred gradually and by steps to Indians. Distrust of Indians, the wish to keep them out of secrets and trustworthy posts are considerations entirely out of place. I am here to ask in the name of the constitution of India that if such considerations still prevail in high quarters in Government they should be completely eliminated.

One word, more, Sir. It is true considering merely the numbers of Indians and Europeans in these services—I have been very happy to get from two Honourable Members on the official side an admission—that the numbers of Indians are still so low that, considering the numerical proportion only, it is not possible to provide them on equitable principles with the number of appointments that I seek. That at least will be a sufficient answer to the country at large, to the wild cry that has been raised all over the place that the Indianization of the services is proceeding at a tremendous pace and at a pace so alarming that we must look to the extinction of the British element at an early date. Here I am met with the answer that there are not sufficient Indians in the services to choose from. I hope the country will duly appreciate the admission made here to-day on that score.

But that I am faced with a question of righteousness and honour. I am asked, if appointments are given to Indians on the ground that they are Indians, it must operate to the exclusion of duly qualified and equally efficient Europeans. Quite so, I agree. It is further asserted that these European members will have a grievance that because of their birth, they are excluded from certain offices to which but for this consideration they might have been appointed. I am very happy again that Honourable Members on the opposite side appreciate for the first time the odium of erecting a colour barrier. They see for the first time, when it threatens to be applied to them, what it is to be denied an opportunity because of one's colour. Sir, during the hundred years till now we have cried out to the world that we have been excluded on grounds of race and of colour from posts to which by every humane and righteous consideration we were entitled. The official world in the Government of India are beginning for the first time to feel the taste of racial humiliation and the bar sinister placed on the faces of people. I am glad the experience is coming home and I hope it will come home still more. Sir, this policy of Indianization is nothing new. Ever since the great Proclamation of Queen Victoria we have been promised that in our own country there should be no governing caste and that all posts alike should be open to us. That however was long denied in practice as every one knows, and it has been abundantly admitted by all spokesmen who have spoken on the official side. Time passed. Various claims were put forward and negatived. Then came the de-

claration of August 1917 which put in the very van of its programme the increasing association of Indians in the public services. Not alone that. It was not merely a declaration that the Cabinet held up to the people of India long waiting for a word of that kind, but it was put into the preamble of the Act and it has therefore the force of Parliamentary enactment. There is the second promise, the third promise, the promise of the Queen and the Kings and His Grace the Duke of Connaught, and they are all promises, promises and promises. I come here to-day asking by a Resolution that in respect of one matter this hundred times iterated promise should be carried out. And what does the Honourable the Home Secretary tell me? He offers me another promise. The Honourable the Home Secretary must not be offended with me if I refuse to accept a promise after I have had abundant promises from far higher authorities. I am here, Sir, to ask for their fulfilment and not for fresh promises. We have had them till we are sick. Sir, I cannot support the amendment.

The HONOURABLE MR. J. CRERAR: Sir, I do not propose to detain the House long

The HONOURABLE SAIIYID RAZA ALI: Can the Honourable Member speak again, because he has moved an amendment and has already spoken?

The HONOURABLE THE PRESIDENT: He is the Government Member in charge of the Resolution, and is perfectly entitled to reply on the whole question.

The HONOURABLE MR. J. CRERAR: Sir, as I said, I do not propose to detain the House long and the first of my very few remarks will be regarding the observations which fell from my Honourable friend Saiyid Raza Ali. He said the amendment which I submitted to the House was camouflage. If I understand that term correctly, it implies something of insincerity and of stratagem. I entirely deny that I entertained any such intention, and in imputing it to me my Honourable friend has shown less than his usual regard for the courtesy of debate. Every Honourable Member of this House is entitled to have any motion or amendment he may propose to the House in plain language interpreted in the plain sense which it bears, and I think I am entitled to ask that the House should grant me that measure, I will not say of indulgence, but of justice.

My Right Honourable friend opposite suggested that I have been
 5 P.M. guilty of some disparagement to my colleagues
 in the Indian Civil Service. Though the
 Right Honourable Member usually gives reasons for what he says I fail to discover any reason for that particular suggestion. I do not entertain that sentiment; I did not express it, and there is nothing in the terms of my amendment which could reasonably bear that interpretation. My Right Honourable friend further, and in somewhat severe terms, referred to a certain distrust of Indians imputed to, as I understood him to say, or understood to be entertained by the Government of India and Governments in India generally. Well, Sir, I, can only appeal from a general impression of that kind to my own personal experience. I have had a fairly long experience of work in a provincial

Secretariat, and a brief experience of the work in the Government of India Secretariat. In the Provincial Secretariat it was my duty to be in charge of a department which is, probably more than any other department of that Government, entrusted with matters of a confidential nature, and sometimes of the greatest secrecy. I do not know whether I was guilty of any dereliction of duty, but I may inform the House that it was my constant practice in the course of the business of my department to entrust confidential and secret matter to Indians. I have been reminded recently by my friend the Finance Secretary that there are few secrets, of a more confidential character, which could be more readily turned to pecuniary advantage than the secrets of the Finance Department, and my Honourable friend Mr. Cook assures me that he has been in the constant habit of reposing secret matter of that character to the trust of his Indian subordinates. Sir, it is difficult to disperse atmosphere which is based solely upon surmises and upon impressions, but I ask the House to rely not on surmises, but on facts and I have given the House all that I can give if the results of my own personal experience which, on the whole, has been fairly comprehensive, with the corroboration given to me in that regard by my Honourable friend Mr. Cook. I have only this further remark to make. It struck me with considerable disappointment, because I think the debates in this House have always been characterised by scrupulous impartiality,—it caused me very considerable surprise that the definite facts and figures which I gave with regard to the progress made,—I think my Right Honourable friend opposite will agree that there is no important direction of progress than that of extending our sources of selection—have not been considered, have hardly been referred to by one single Member who spoke on the opposite side. I still maintain, Sir, that that is a most important and a most significant contribution in the question before the House.

My Honourable friend Mr. Hale said this was another question on which Government was merely giving answers. May I invite him to consider the fact that I did give him evidence very substantial evidence of very substantial progress in the direction in which Government had promised that it would be made. I regret that so many speakers should have shown a disposition not to treat my amendment properly upon its merits. When I moved it, I thought that it did substantially preserve and embody in its language the substance of my Right Honourable friend's Resolution. I maintain, and I still cover for the House will admit, that that is so.

THE HONOURABLE THE PRESIDENT: The first amendment I have to put to the House is the amendment moved by the Honourable Sir John Hall. All which comes in part the amendment moved by the Honourable Mr. Glyn.

The motion is that for the words "Indian members of the Indian Civil Service" the word "Indians" be substituted.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The second question I have to put to the House is that the remainder of the amendment moved by the Honourable Mr. Hall which proposes that, for the words "the words

be pleased to appoint so far as possible at least one such officer" the words "they should be afforded wider opportunities to become qualified for appointment" should be substituted. In order that the House may have an opportunity of seeing how the Resolution would run if that amendment is effected, I will read the Resolution with the amendment *in situ*. The Resolution will run as follows:

"This Council recommends to the Governor General in Council that in order to give Indians an insight into the larger problems of Imperial administration and policy, they should be afforded wider opportunities to become qualified for appointment to the posts of Secretary, Joint Secretary and Deputy Secretary in all Departments of the Secretariat of the Government of India."

The question is that the amendment be made.

The motion was negatived.

The HONOURABLE THE PRESIDENT: The next question I have to propose to the Council is that the Resolution, as amended, be adopted:

"That this Council recommends to the Governor General in Council that, in order to give Indians an insight into the larger problems of Imperial administration and policy, he would be pleased to appoint, so far as possible, at least one Indian as Secretary, Joint Secretary or Deputy Secretary to every Department of the Secretariat of the Government of India."

The motion was adopted.

5th March 1923.

RESOLUTION *RE* RIGHTS AND STATUS OF INDIANS IN KENYA.

The RIGHT HONOURABLE V. S. SRINIVASA SASTRI (Madras: Non-Muhammadian): Sir, I beg to move this Resolution:

"That this Council recommends to the Governor General in Council that he be pleased to convey by telegraphic message to His Majesty's Government the view of this Council that no settlement regarding the political rights and status of Indian settlers in the Crown Colony of Kenya would satisfy the people of India unless Indians in Kenya are granted full and equal rights of citizenship with European settlers.

And this Council records its indignant protest at the reported threats of violence on the part of the latter and fully trusts that His Majesty's Government will take effective steps to prevent any such outbreak and to afford them the necessary protection.

And this Council records its emphatic conviction that no restrictions on new immigration from India will be acceptable to public opinion here."

Sir, at the outset may I be permitted to draw the attention of the Council to a slight grammatical inaccuracy in the Resolution? In the second part the last words are "and to afford them the necessary protection," but the word "them" is without a proper antecedent. I think, Sir, if you will allow a small verbal amendment to be moved, it might be changed into "the Indians resident in Kenya."

The HONOURABLE THE CHAIRMAN: Yes.

The RIGHT HONOURABLE V. S. SRINIVASA SASTRI: Thank you. In speaking on this Resolution it is my great desire to avoid all rhetoric

or attempt to excite feelings. I will confine myself to a statement of view because I believe that the facts in themselves are such that they carry their own conclusion. In the first place, I think in the course of public discussion upon this subject, there has been some mistake of an important character which, if I may, I would try to put right. Those who have advocated the Indian case have grounded themselves more or less expressly upon the Resolution which in the year 1921 the Imperial Conference of Prime Ministers adopted on the subject. I venture to think, having been a party to that Resolution, that it is somewhat of a serious mistake. That Resolution, Sir, was the result of a case that the Government of India put forward. I am in a position to say, and the public are in a position to judge from the memorandum of the Government of India, published at the time, that our case did not concern any of the Crown Colonies. It was concerned solely with the self-governing Dominions of the Empire, and the case was also argued, as I have a right to state, solely on the ground that it concerned itself with the self-governing Dominions of the Empire. The case for the Crown Colonies rests on equity and does not derive in the least from that Resolution. We have got pledges of equity dating far back in the history of India. We have got it asserted again and again on high and solemn authority and it did not require the Resolution of the Imperial Conference of the year 1921 for the first time to give vitality to our claim for equity of treatment in the Crown Colonies. I make this repudiation at this early stage of my speech because I am particularly anxious that nobody here should carry the impression that the implication of that Resolution applies to Kenya Colony. That Resolution cites in the very beginning the right of every community in the Empire to exclude elements of the Empire's population which it does not care to assimilate. We have given that right to the self-governing Dominions and to India. We have not given that right, and if the people of India have a voice in the matter, they will not allow the right to be given, to the Crown Colonies. The whole claim of the self-governing Dominions in the matter is based upon the fact that, whatever the equities, whatever the rights and wrongs of the case, a people who can govern themselves, have a right in the last resort to say who shall compose the population. The Crown Colonies, neither Ceylon, nor Fiji, nor Mauritius, nor Kenya, has yet acquired the right to say who shall form the population. If it is to be determined entirely by the Colonial Office, the Colonial Office being a part of the British Cabinet cannot settle the matter without amicable arrangements with the India Office; and the Colonial Office and the India Office, agreeing together, will determine these matters and not the people of Kenya. I am very anxious to make this repudiation also for the reason that, when this is once granted, the expression "the people of Kenya," "the community resident in Kenya" has, by a sort of verbal jugglery which I cannot understand, been applied solely to the white population of Kenya as if they were the only community who had a right to determine who shall go to Kenya and who shall not.

Having made that point perfectly clear, so far as I can, let me now proceed to say that our claim to equality is, even as regards Kenya, rather academic and theoretical to-day. We assert the right to equality but we are quite content—and I wish more general recognition were given to that circumstance than has been given to it before—in the achieve-

ment of equality to proceed by stages. For what are the demands of our people in Kenya and what are the demands that the Government of India and the Secretary of State for India have so long supported? In the first place, we do not ask for universal suffrage as the European community there enjoy to-day. We do not ask that the Legislative Council of Kenya, such as it is, should be composed of elements giving to the Indians a proportionate representation, either considering the number of the population or considering the amount of taxation that they have to pay towards the general support of the Colony. We are content that we should be less than a half in the legislature, and, so far as the Executive Government is concerned, no more than a bare admission of the Indian element has been conceded. If I may be permitted to say so, nothing more has yet arisen in the shape of a definite demand of our people. It is then, Sir, considered on the merits of the question, a partial, a very partial, fulfilment of the rights of equality that is being asked for. As to the franchise, we have expressly agreed that such a qualification should be fixed as will enfranchise only 10 per cent. of the resident Indians. Now, upon what ground is even this modest demand for a partial fulfilment of equality, where the full assertion of equality would have been eminently justified resisted? Sir, I think it is best in answering the question to go to the root of the matter at once and without hesitation. The root of the matter I had personal opportunity of understanding. Last year, there were in London certain representatives of the white Kenya community, come to press their views on the authorities, and I was privileged to be present at a private discussion in which their claims were put forward. I may at once state that their claims were clear and were firm. East Africa, Sir, and the Colony of Kenya with which we are particularly concerned, is unfortunately dominated by the spirit of South Africa. It is that spirit that reigns there. The spirit of South Africa to those who have understood it is to be summed up in two expressions. The first is "no admission of equality with Indians": the second is "the expulsion of Indians, if possible." There is no mistake about that. I heard these things myself, and the residents who came there told us that it was their desire as early as possible to get into the Union of South Africa as an African Empire, so that Kenya is now to be prepared in its treatment of the Indian element to enter the future African Confederation. That means clearly that Indians are to be expelled and such as happen to be residents are to be denied in so many words that there would be anything like equality accorded to them. Why, Sir, it was my painful business that day to listen continually to statements of this kind: "We will not allow this equality which is an academic theory, which is the folly of the Colonial Office; we cannot have it here. Let people come out there and see for themselves." And, in order to enforce this point of view, all things that we have seen usually on such occasions are being enacted.

Sir, it is quite extraordinary that the facts of history are even being denied to support this claim. History is falsified and even the facts that the Indian was on the soil before the white settler appeared, that he has done a good deal to make the Kenya Colony what it is are being denied. And, on the occasion that I have referred to I further heard it said that if the Indian has done something as any human being would have done if he were resident in a place, that thing could have been done for the

Kenya Colony if the African native was educated for the purpose, and that it was not necessary, that it was not desirable, that the Indians should be allowed to base their claim on the mere fact that they were there, and that they did something to build up the railway or to carry on the trade. If that was done, it was a mistake and it should be modified at the earliest possible opportunity. The Colonial Office were spoken in terms of the utmost disrespect and contempt and everybody can see now in the papers that my unfortunate friend Major the Right Honourable Ormsby Gore has come in for a good deal of abuse at the hands of the African press for the simple reason that he stands up for the dignity, for the righteousness and for the good name of the British Empire.

With regard to the natives of Africa, Sir, as I have said to the Council already, I will try not to raise feeling. The natives of Africa are, as everybody knows, not quite civilised. They are advancing by leaps and bounds. Great efforts are necessary to pull them up along the line of evolution. But will history answer the question in the affirmative, that when the European exploiter, the European colonist, has gone abroad and come into contact with semi-savage tribes the contact has been beneficial to the latter invariably? Could it be claimed to the credit of the European nations that they have been careful, that they have been solicitous, to observe scrupulously the rights and serve the needs of a semi-barbarous population? Assuming, however, that here and there such a statement could be made with an approximation to the truth, we are in a position to say from information that comes over that the European settlers in East Africa can by no means claim to come under this humane description. Well, Sir, innumerable instances could be quoted to show that their treatment of the East African native is by no means marked by a consideration of common humanity. I will only read one or two extracts to show the spirit in which the thing is done.

The HONOURABLE MR. B. N. SARMA (Revenue and Agriculture Member): May I suggest, Sir, that we are dealing now with the question of Indians in East Africa, and having regard to the state of feeling it might be desirable not to dwell too long upon the question of British *versus* natives of East Africa.

The HONOURABLE THE CHAIRMAN: The Honourable Member has not yet done so. His extract, when he reads it, will show us what he means. I will allow the Honourable Member to proceed.

The RIGHT HONOURABLE V. S. SRINIVASA SASTRI: Sir, I was only saying that as regards the East African native of the soil, it is not the Indian but the White settler from whom he has to be protected. It is that point which I was trying to labour, as it is being exploited in England that the introduction of the Indian and his maintenance in full rights of citizenship would be injurious to the development of the East African native. Our whole point is that in so far as that humane object is concerned, we are far more useful in East Africa than the White settlers. I will only read one extract, Sir. This is the quotation that I wish to read from a paper which was addressed to the Head of the Government in East Africa by the Indian residents:

"Again a party consisting of members of the same school of thought, including amongst them a prominent member of the present Reform Party, assembled in front of the Nairobi Court House, and in the presence of the Magistrate and

Police Officer and in the teeth of the remonstrances from the former and checking by the latter, they publicly flogged certain innocent natives on the plea that it was useless to take them to court to be dealt with according to the law, etc., etc."

I only mention this to show that Indians could not have done such a thing; but the White settlers in Kenya seem to have a notion of ordered life in a community very different to ourselves. On another occasion it would appear that they did something which was most extraordinary. A number of Europeans, including some prominent members of the present Reform Party, marched up in an unlawful assembly to Government House, insulted Sir James Hasler, the then representative of His Majesty's Government, threw stones at Government House, shouted to Sir James to resign his office, and behaved themselves in such a rebellious manner simply because the then Governor disagreed with them in their views and policies of forced labour. I do not wish to contemplate what would happen if a number of people came to the Imperial Secretariat in Delhi and behaved in that manner. His Excellency the Commander-in-Chief would have something to say to that.

Now it is a fact that the White settlers of Kenya have been, through the weakness of that Government, led to believe that they can deal shortly and summarily even with their Government, and when they threaten violence in case equality is forced upon them, they are not bluffing by any means. When the Honourable Member in charge of this subject spoke in another place, he seemed to regard these assertions as mere threats which were never intended to be carried into effect. I thought at the time that he was much too optimistic, and I hope the news that has since come over has made him also change his opinion somewhat. Sir, I can only say that our people, whether in India or abroad, have shown such humility, such respect for order, such patience under the greatest provocation, and such forbearance and modesty in their demands for perfectly established rights, that what an American lady told me recently is perfectly true, that we Indians are about the only Christians left now, omitting the Chinese, on the face of the earth! Honourable Members will notice that there is a third clause in my Resolution. I wish to say a few words on that subject.

The third clause protests against immigration restrictions which it is the intention, it would appear, of the Colonial Office, to enact for the first time. In the other place when this matter was discussed recently, this matter was not brought to the attention of the authorities in the same way. But immigration and the control of immigration in respect of Kenya Colony is so important that I ask your leave, Sir, and the leave of the Council while I keep them for a few minutes on this subject.

It has been admitted and admitted on authority that is no longer questionable that India is an equal partner in the British Empire with Great Britain and with the dominions. It is a proposition with an enormous variety of implications. I do not believe that the Indian people will ever take advantage of that claim and draw out all the implications and insist on each one of them. But on this they will. We are three hundred millions in this country. If eighty millions of people must have an outlet and if they find enormous outlets, vast unoccupied spaces all over the world, and keep them all to themselves and coop up the three

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hundred millions within the limits of India and say to them "You have no outlet, but you are equal partners in the Empire nevertheless", that is a proposition to which it is very hard for us to assent. I can understand, although I cannot approve, its being said that other parts of the Empire with vast unpeopled spaces were not conquered by Indians, were not settled by Indians. Perhaps it is a sort of answer; I will not pause to examine it; but the case of East Africa, the case of Kenya Colony is clean. There can be no gainsaying that it cannot be called a British colony and it cannot be allowed to become a British colony. If anything it is a British Indian colony. Indians having somewhat prior rights, but because they are politically weak and cannot assert their rights in full, they are quite willing to share their rights equally with the British people. It ought to be considered a British Indian colony and we cannot therefore allow the Right Honourable Winston Churchill's assertion that Kenya must be kept a characteristically British colony. Moreover, look at the irony of the situation. Quite recently a sum of £10,000 has been taken from the public revenues of Kenya colony to which Indians contribute, I understand, somewhat over 50 per cent., and set apart for establishment of a Publicity Bureau in London with the object of attracting English settlers to that colony. At that very time and while public money to which Indians contribute is freely used for the purpose of attracting White settlers, it is proposed—what an irony of things—to enact restrictions as to Indian immigration which will have the effect of excluding Indians altogether from India. It is impossible for a self-respecting people to submit to such bare-faced violation of the fundamental equities of the case. We are afraid that under pressure it is quite possible that the Colonial Office may yield. Sir, speaking on this occasion I will, as I have done very frequently before, acknowledge on the part of the Indian public with the fullest appreciation and gratitude the way in which the Government of India and the Secretary of State for India have throughout championed our cause in this matter. We only beg them to keep the fight up a little while longer. If we lose in Kenya, the result is we lose all along the line. The Dominions where I received such hospitality and such sympathetic hearing when I presented our case, the Dominions will be perfectly justified, when a successor of mine goes round hereafter, in turning on him and saying, "What is the case in the Crown Colonies which are administered by the British Cabinet themselves? How can the British Cabinet solemnly pass a Resolution and send you out to seek fulfilment thereof, while its spirit is being violated by the British Cabinet themselves?" Losing in Kenya, we lose therefore in the self-governing dominions; we lose all round, and its moral reaction on the progress of India itself towards the status of a dominion need not be described in detail. Sir, we cannot afford to lose there. There will be very few friends left in India to plead for the cause of the British Empire. You will wipe out the friends of Britain in India by any such settlement. Britain herself in the eyes of the world will be generally condemned as having fallen a victim to moral decay. For, after this war and the amount of brotherhood that has really come up amongst the nations after the League of Nations, and solemn pledges on the part of the British Empire that they are only a lesser League of Nations within the larger League of Nations, the world will be quite justified in pointing up-

on the British Empire the judgment that it has become subject to moral decay, and moral decay cannot long precede material decay. I will say nothing more, Sir, but commend the Resolution to the acceptance of the Council.

The HONOURABLE THE CHAIRMAN: The Council will now resume discussion of the Right Honourable Srinivasa Sastri's proposition.

The HONOURABLE MR. LALUBHAI SAMALDAS (Bombay: Non-Muhammadan): Sir, the high level to which my Right Honourable friend has raised the debate on this question may make it rather difficult for us to follow in the same vein. Moreover, we may not be able to restrain ourselves in the same way as my Right Honourable friend has done. The feeling in the country has been, Sir, very strong, and, if I may say so, to whichever party people may belong, the country as a whole is strongly agitated at the attitude of the White settlers in Kenya. Before I speak on the Resolution proper, may I, Sir, with your permission, remove a misapprehension—I believe it was a misapprehension in the mind of my Right Honourable friend? Whenever this question was discussed in this Council we never mixed up the Dominions with Crown Colonies. If the Resolution passed at the Imperial Conference was brought in, it was merely to show that if the Dominions agreed to reciprocity, much more should the Crown Colonies give liberty and freedom to our people. It was merely to show the strength of our position that we referred to it. We realised that in Crown Colonies we have greater rights and the White settlers have practically no rights excepting those that were given to them without our sanction by Lord Milner's despatch. Sir, the Resolution is divided into three portions, and I lay the greatest stress on the last portion. So, I speak on it first. That is:

“And this Council records its emphatic conviction that no restrictions on new immigration from India will be acceptable to public opinion here.”

During the last two years, Sir, we had two debates in this Council on that subject and on each occasion this point has been put before the Council as strongly as possible. An attempt is made in the name of equality to restrict the immigration by raising the deposits to be given by an immigrant before he goes there. As it was shown here, the amount ought to suffice for sending the man back if he was found to be undesirable. Now, in the name of equality of status the amount of that deposit is being increased more than 3 times, and we feel that it is done not for the sake of equality but under the name of that charming word to keep back many of our countrymen from entering the Colonies and that is what we resent most. Then, again, another restriction has been put upon immigration and that is that the immigrant must have knowledge of the English language. That also, Sir, was brought in the name of equality and as was shown in another place, it meant that while a husband who knew English could go there, a wife or a daughter who did not know English could not. That is a restriction that we do not want to be put and we want that the old rule as it stands should not be altered in any way. The Resolution says “That no restrictions on new immigration from India will be acceptable”. I believe what my Right Honourable friend wants and what we all want is that no new restrictions will be acceptable. The old restrictions are acceptable and

we do not object to them. I think I am right and I hope my Honourable friend will tell me if that is so. We do not want that Kenya—to which I add Uganda and Tanganyika—should be turned into a White colony. That is the attempt that is being made by the White settlers in the Colony, and that is an attempt that we want to thwart, and in that attempt we want the assistance of the Government of India. I take this opportunity of expressing the thankfulness of this House and the country to the Honourable Member in charge and to the Government of India and to the Secretary of State for India for the strong fight that they are putting up for our countrymen in Kenya. We want them to continue that fight. We want them not to be cowed down by the threats that are being held at us by the White settlers. As my Right Honourable friend says, the threats may not be quite false. There have been instances when even the Governor was stoned. There have been equally bad instances.—I would not quote them because I am afraid of my Honourable friend getting up and saying that I am not in order—but there have been similar cases where not only natives have been shot and assaulted, but White settlers have entered into the married quarters of Indians, threatened to shoot and set fire to the whole location. Fortunately they were prevented from doing so. We do not want these things to be repeated. Our countrymen there are as mild as the Indians here are mild, and if they protest, they protest because they know that physical strength is with the other party, and even if they were strong, the Indians will not under any circumstances, unless the provocation is very strong, take law into their hands as the other communities would do. That is another reason, Sir, why we want Government to take immediate action. I dare say many of the Members of this House must have seen the letters which His Highness the Aga Khan wrote to the press about a month and a half ago. He suggested two alternatives, one was to appeal to the Indians here to send a deputation to Kenya to guide the Indians and try to bring about an amicable settlement between the Indians and the White settlers there. He also made appeal to the non-official Europeans in this country, and, may I add, a similar appeal to the officials in this country to use their influence, whatever they have, to see that this racial bitterness there does not spread to this country. I think we can very well count upon the good-will of my non-official European brethren in this country, and I am quite sure I can equally count upon the good-will of the officials also. If we all join our hands together in a friendly spirit to restore peace where there is extreme bitterness and fear of riots and lawlessness then we will be rendering a great service not only to this country but I believe to the whole of the British Empire, because once this poison of anti-British or anti-White spreads from East Africa to this country, I do not know where it shall end. The country at present has strong faith in the justice of the Imperial Government and in the British Parliament and if once that faith is shaken, we do not know where the country will be. It is not an idle threat that I am giving, but I say this because I believe, we in this House are the best friends of the British Empire and we want our connection with the British Empire to continue. I appeal to my brethren here, both official and non-official, and I want them to support this Resolution whole-heartedly, so that there may be no mistake that at least in this House there is no difference of opinion as regards the solution of this problem.

The HONOURABLE MR. B. N. SARMA (Revenue and Agriculture Member): Sir, the Government fully appreciates the strength of the feeling on this subject both in the Council as well as outside and acknowledges the moderation with which Honourable Members have discussed it. The Resolution divides itself into three parts; the first asks for a recognition of equal rights and full rights of citizenship. The Government of India's attitude is well-known on this point. His Excellency Lord Chelmsford in clear and emphatic terms defined the position of the Government of India in these words:

"The position of the Government of India is and always will be that there is no justification in a Crown Colony or protectorate for assigning to British Indians a status in any way inferior to that of any other class of His Majesty's subjects."

The despatch which the Government of India sent Home in 1920 proceeds upon the clear enunciation of this principle and on the basis of its acceptance. Further, when the position of Indians had to be defined in respect of those who were domiciled in the Dominions, the Government in a memorandum which was presented to the Conference and the text of which has been substantially reproduced in a Resolution published on the 5th October, 1921, have again emphatically drawn the attention of the Imperial authorities to the essential importance of the recognition of this principle in these words:

"It is the desire of India to remain a partner in the British Commonwealth of Nations, but her own self-respect demands that the partnership should be equal. She cannot be expected to acquiesce in a position of permanent inferiority. The essential conditions of equal partnership are the demand of British Indians to full rights of citizenship in whatever part of the Empire they are domiciled. It is believed that the only final solution of the controversy which has so long embittered the relations between India and the other parts of the Empire will be found on these lines."

We have been trying to negotiate with the Colonial Office on these lines and it is not for me, when those negotiations have not been finally concluded and proclaimed, to enter into any details of what conclusions have been provisionally reached. Honourable Members have alluded to certain conclusions which the India Office and the Colonial have come to, but I shall not be drawn into any discussion on the subject because I at any rate would like that the confidential character of any communications that may take place as between the several departments of the Government should remain inviolate. The Right Honourable Mr. Srinivasa Sastri has alluded to the necessity for drawing a distinction between the position of the Crown Colonies and Protectorates and the Dominions in respect of the Resolution which had been passed at the Conference in the year 1921. I may state that so far as I am concerned, and the Government of India which has had to deal with this question in my department, we have always proceeded upon the footing that it is the spirit of those Resolutions that counts, but that those Resolutions were really confined to the relative positions of India and the dominions. The instructions which we gave to our delegates were to treat in respect of our positions in the dominions. The speech of the Right Honourable Mr. Srinivasa Sastri as far as it was reported to us conveyed only that meaning although there were indications here and there in the speeches of some of the statesmen that a wider aspect was impliedly sought to be given to the discussions then proceeding. Therefore, in any remarks on this subject I shall take it that the Right Honourable Mr. Sastri proceeded upon the

footing that negotiations have been proceeding altogether on the assumption that the relations between the several parts of the empire, so far as India and the Crown Colonies and Protectorates are concerned, are to be governed by the same principles as have governed their respective relations before and after that Conference. Now, Sir, the Right Honourable Mover dwelt upon some of the details as to whether a concession had been given here and a concession taken there in favour of India in the course of these negotiations. It would be unnecessary to dwell upon the details of these negotiations or the provisional conclusions that have been arrived at because the first part of the Resolution deals only with the general principle of asserting the full rights of citizenship and equality of status.

I shall now proceed to the second part of the Resolution, and my position now is exactly the same as it was when I spoke in the Legislative Assembly. I never meant to suggest to the Assembly, and I do not mean to suggest to this House, that we can treat the position of affairs existing now in any very light-hearted manner. I should not be doing my duty if I do suggest that there is nothing to cause us serious reflection and anxiety, serious food for thought. I would not say that the position is grave. That may be wrong and would perhaps be exaggerating the situation. But when I spoke there, and I do speak here, I refuse to believe that any body of Britishers could really mean to assault or in any way injure an unarmed body of Indians, defenceless body of Indians in Kenya, whatever might have been the provocation that was imagined as offered when constitutional questions of such essential import were being discussed there. I do not disguise—I never disguised from myself—the fact that there were expressions used, there were resolutions passed, which impliedly and even expressly conveyed a threat, and showed that the British settlers were acting as if labouring under very strong provocation and might resort to defiance of authority. I shall deal with that later on. There was language used which caused perhaps justifiable apprehension in the minds of the Indians there. But I do not think that we should be acting rightly if we do not reach to a new meaning to them and assume that those statements or many of them were made really in a spirit of bluff. It may be that the statements were made by persons who did not know really the implications of the language they were using. The graver part really of that controversy is that there was exhibited a spirit of defiance of authority. But I do not think it would be right or justifiable for this Government to express any opinion whatsoever upon the conduct of the subjects of another Government, however small that Government may be next to a component part of the British Empire. The Central Government will always assert its authority, will refuse to be cowed down by any action which takes the Indian colonies, the Imperial orders, that may be passed by the Government, and I still leave that that.

We now come to the third part of the Resolution, which was not discussed in the Assembly. This question has assumed some importance only latterly. Nobody heard of it very recently until very recently. (The Honourable Mr. Lawrence: Sir, it was in 1911.) The attitude of the Colonial authorities on this question itself has been hitherto completely above reproach. It was not even a matter of thought to whatever extent it touches the Indian colonies, the Imperial orders, that may be passed by the Government, and I still leave that that.

granted that there was to be no discrimination, no restriction, of an undesirable character to be imposed upon Indians. (*The Honourable Mr. Lalubhai Samaldas*: "What about Mr. Winston Churchill's after dinner speech"?) I will quote from Lord Milner whose attitude was not considered to be very favourable to the Indian community. This is what he says in paragraph 5 of his Despatch, dated the 21st of May, 1920:

"I could not countenance any restrictions which would place natives of India at a disadvantage as compared with other immigrants and subject to the Protectorate Immigration Ordinances which are of general application, there must be no bar to the immigration of Indians."

Lord Islington raised a debate on the question of the status of Indians in East Africa and the position has been further explained by Lord Milner in a speech which he delivered in the House of Lords. This is what he has stated there:

"Needless to say it is the earnest desire and determination of His Majesty's Government, disregarding these onslaughts on the one hand and on the other not letting themselves to be deterred from pursuing a policy which they regard as equitable and as fair alike to the White settlers and to the Indians to see that there is room for both races in the development of East Africa. There is room for both of them I may say without interfering with the welfare or advancement of the natives. The great thing is to bear the cardinal fact always in mind that there is no reason why a proper development of any of the races interested in that country should interfere with that of another."

I do not think that more emphatic language could have been employed. There was no intention, no desire, on the part of the Colonial Office to impose any restrictions which might be calculated to effectually prevent the outflow of any population from India subject to the usual safeguards which every Colony and every Government must impose when it admits people from another part within its jurisdiction. (*The Honourable Mr. Lalubhai Samaldas*: "At that time only.") Yes. The attitude of the Government of India has clearly followed the lines which have been accepted by the Colonial Office in the statements by Lord Milner which I have just now quoted to the House. The existing Ordinance of 1906 provides for certain restrictions by way of deposit of a certain amount of fee to guard against paupers and undesirable persons from landing in the Colony. No body can reasonably take any exceptions to such restrictions. Well, therefore, if any restrictions are sought to be imposed, they would have to be discussed and the negotiations must naturally accept the essential principle. I am not suggesting for a moment that no modification of these Ordinances would be possible or desirable under any circumstances whatsoever. Reasonable restrictions such as would not discriminate against the Indians as against others, reasonable restrictions which would safeguard and protect the interests of the Colony, reasonable restrictions which may be imposed in the interests of the Empire, we shall always have to submit to. But the House may rest assured that the Government of India cannot and would not be a party to the acceptance of any principle in respect of the Crown Colonies or Protectorates which would be unreasonable in the minds of all right-thinking men or effectually bar the door to the entry of Indians.

There is one point with reference to this question to which special allusion has been made by the Honourable Mr. Samaldas. He has said, "Oh, this may have been the attitude of the Colonial Office in the early stages, but later on we have reason to believe that that attitude has been changed

for the worse so far as India is concerned." We have no reason to believe that the essential principle hitherto acted upon would ultimately be departed from, except after full discussion with the Government of India and the India Office, and with their consent and it is perhaps too soon to cry before there are any concrete proposals before the Government suggesting what those modifications are to be. But the principle upon which the Government of India has guided its policy hitherto and hope to guide their policy hereafter, I think I have already indicated to the House. There seems to be really no reason why there should be any anxiety on the part of the white settlers or anybody with regard to there being no room in East Africa for all races. You find here a country of 246,800 square miles, a size larger than that of Madras and Bengal put together, which have a population of roughly 90 millions, the population here being only 2,719,000, with large rivers, a fine climate in many places, with possibly minerals, immense possibilities for the improvement of cotton and the growing of other agricultural crops. There seems to be no reason whatsoever why there should not be sufficient room for both the Indians and the Britishers in that Colony. I am sure when the position is really analysed those who are at present anxious about the future of that Colony from the British point of view will realise that they are running too much after the shadow and abandoning the substance, and that it is desirable to develop the Empire in peace and harmony and with the mutual co-operation of all the component parts of the Empire. There is no doubt a fear in the minds of the British settlers that, given equality of status and a common franchise, with a large influx of Indians into the Colony, a day may arrive when the balance of power would pass from the hands of the Britishers settled there into the hands of the Indians. I will read a few words from a speech by Lord Milner, which will clearly indicate that that day must be very far distant, and with the assurances which have been given by the Indian community themselves that they have no desire to usurp the function of Government in that country, there ought not to be any reason for anxiety or apprehension in the minds of any reasonable man. Speaking of the possibility of a change in the form of Government, this is what His Excellency said:

The RIGHT HONOURABLE V. S. SRINIVASA SASTRI: The date of that speech?

The HONOURABLE MR. B. N. SARMA: I think 1919 or 1920.

"I may say at once having regard to the embryonic condition of the country and its very early stage of development, I think that position will have to be maintained for a considerable time, the position, that is to say, of an official majority in the Legislative Council leaving to the authorities at Home the responsibility for the main measures of legislation adopted."

It is true that there is a keen desire on the part of some of those settled there to introduce at a very early date a responsible form of Government, and the fear that is entertained is that this equality of status may stand in the way of that happy era dawning in the immediate future. But I think it is too soon to speculate on the lines which have been followed by some statesmen occasionally, those who wish to peep into the dim future rather rashly and unnecessarily prematurely. There is no real danger, and I hope that the British settlers themselves will realise that the harmonious development of the Colony would be fostered

by the growth of a friendly spirit with India. Now, Sir, one further remark has been made, and that is that the Colonial Office have asked for the Governor of Kenya to go to London with some European settlers to discuss the position. We have no information that the Colonial Office has invited the settlers, but the Government of India fully appreciate the strength of feeling in the country, both here as well as in Kenya, that if the British settlers were to go there to represent their case, the Indians in Kenya should have an equal chance, and we propose to press upon the attention of the Secretary of State that an equal opportunity should be afforded to the Indian community in Kenya to state their case before the Colonial Secretary in the same manner as their British brethren hope to do when they proceed on the mission on which they have embarked. I have already said that the problem is full of difficulties, that it is in some respects assuming a serious aspect, and I am glad that this House has, in the terms in which they have discussed the Resolution, shown that they would not excite themselves or the country unnecessarily in a way to embarrass the Government of India or the Home Government and preclude them from pursuing steadily and patiently the course of action which they had set before themselves. I have already indicated the attitude of the Government of India on the various points detailed in the Resolution. It is not unnatural, there is nothing unexpected in the British settlers getting alarmed at a settlement which they think may place them in a minority in the distant future

The HONOURABLE MR. LALUBHAI SAMALDAS: There is no reason for them to do so.

The HONOURABLE MR. B. N. SARMA: I think in a discussion of this character we must give all parties credit for a little clear thinking, and analyse why these fierce passions have been excited over this controversy. I think therefore if one looks into the merits of the case one can readily understand why some of them at any rate fear that the balance of power may pass into the hands of the Indians, and consider that is an undesirable feature which they should safeguard against. Sir, it is a matter for congratulation that the discussions are going to be carried on in London in an atmosphere as free from passion and prejudice as may be expected, human nature being what it is and political conditions being what they are. There is no doubt that the British public, the British press and British statesmen would be roused to a sense of the reality of the issues confronting the Empire and would exercise a moderating influence upon the wild passions which have been excited in this controversy. It would be unreasonable for us to attribute to the Colonial Office any desire to depart from the strict policy which they ought to follow, namely, one of fairness to all races living within their jurisdiction, a policy which is likely to preserve, continue and consolidate the Empire which we all hope would be a living Empire full of freedom for all and freedom-loving institutions for all time to come. I hope that the public press would really see the view point of the Indians and of the Britishers alike, take into consideration the wide political issues which are involved and not narrowly assume that one side or the other is correct in its assumptions, in its facts and in the correctness of its future policy. I have no doubt that in the new surroundings in which this problem is going to be discussed a reasonable compromise would be effected which would be satisfactory to all. More than one Member here as well as in the lower House

has alluded to the fact that the Indian community has helped considerably in the building up of this Colony, has been instrumental in promoting its prosperity and can justly claim credit for the present improved state thereof. No one demurs to that, although we should not belittle what has been done by the use of British capital, British industry and British initiative. No one, I think, would lightly set aside the great help which India has rendered in the hour of peril of securing East Africa for the British Empire on a permanent footing. I am sure that all these considerations would weigh with the statesmen who have in their hands the future of the Empire. Nor would I think it would be forgotten that in the discussion of the Racial Distinctions Bill a desire has been manifested throughout India, both on the part of the British community as well as of the Indian community that there should be harmony and peace throughout the Empire. Give and take must be our principle. Let us not, therefore, ask for a strict following of what logically may be the result of the assertion of certain principles of action. Both the Britisher and the Indian would have to give and take and if I have refrained from discussing the details of the negotiations which have been going on, it is on the ground of principle as well as on the ground that it would be undesirable to say where we have given a little and where we propose to take a little.

Sir, I have little more to add. The Government of India do not oppose this Resolution. They leave it to the House to decide and would communicate the wishes of this House to the Secretary of State. The official Members would naturally abstain from voting if they wish to do so having regard to the attitude of the Government that they do not oppose this Resolution.

THE RIGHT HONOURABLE V. S. SRINIVASA SASTRI: Sir, I am duly impressed by the weighty and magnanimous remarks bearing both on policy and expediency which have fallen from the Government spokesman to-day and I could wish from the bottom of my heart and I have no doubt my unofficial colleagues would do the same, we could wish from the bottom of our hearts that they were heeded duly by the authorities in England. I was in particular impressed by the statements made on the subject of immigration and immigration restrictions by the Honourable Member for Emigration. The history of this matter, Sir, is a little worthy of regard in this connection. About the beginning of September 1922 the question of imposing new restrictions came up for consideration and the colonial authorities, of course backed by the Governor, actually suggested that a combined property and education test should be instituted with the object of keeping out what they described as the undesirable immigrant from India. The India Office, of course, protested; the result was that the Secretary of State for the Colonies sent out a despatch to the Governor of Kenya saying that, while he held himself free in the case of actual danger from the influx of the Indian element into Kenya to propose additional restrictions, for the time being he was not convinced that there was any necessity for additional legislation, because the figures quoted for influx and efflux of Indians did not justify any apprehensions of that danger. That being so, we drew our breath easily for a time, but, unfortunately, recent information, which we cannot doubt, has come to us in a cablegram, dated the 13th February, from the General Secretary to the Indian National Congress of East Africa, a gentleman of the name of

Shamsuddin, who has kept the Viceroy and the Government of India duly informed of the progress of events there, that in February of this year, the Governor of Kenya actually told the representatives of the Indian population "Well, we decided that there should be no restrictions some time ago, but I am addressing the Colonial Office again. I have reconsidered the position and I think we shall impose some restrictions on immigration", and he suggested a combined education and property test. Now, Mr. Shamsuddin is apparently a Member of the local Legislative Council in Nairobi and he can be expected to understand what he is talking about. This is what he says about the effect which these proposed restrictions might have. He says emphatically "This will no doubt mean the danger of Africa being shut on British Indian subjects." This is what makes some of us on this side of the House a little uneasy; and that, Sir, is the secret really of my introducing the third clause into this Resolution. It is a matter requiring instant attention. I have not asked in so many words that it should be sent by telegraphic message to His Majesty's Government and no point need be made out of that. As a matter of fact, even supposing in the first of these clauses the words "telegraphic message" did not occur, I know from the profound interest that the Government of India are taking in this subject and from the importance of this Resolution, that they would be cabling all these things, whether we requested them specially to do so or not. But if a special clause is necessary, I put it in now.

THE HONOURABLE THE CHAIRMAN: The question is that the following Resolution be adopted:

"That this Council recommends to the Governor General in Council that he be pleased to convey by telegraphic message to His Majesty's Government the view of this Council that no settlement regarding the political rights and status of Indian settlers in the Crown Colony of Kenya would satisfy the people of India unless Indians in Kenya are granted full and equal rights of citizenship with European settlers.

And this Council records its indignant protest at the reported threats of violence on the part of the latter and fully trusts that His Majesty's Government will take effective steps to prevent any such outbreak and to afford the Indians resident in Kenya the necessary protection.

And this Council records its emphatic conviction that no restrictions on new immigration from India will be acceptable to public opinion here."

The motion was adopted.

12th February 1923.

RESOLUTION *RE* REPEAL OF ARMY AMALGAMATION SCHEME OF 1859.

THE HONOURABLE SIR DINSHAW WACHA (Bombay: Nominated Non-Official): Sir before I move my Resolution, I beg permission to add three words after the word "repealing," the words "or substantially modifying." The Resolution as it stands reads thus:

"This Council recommends to the Governor General in Council to urge on the Secretary of State how pressing is the necessity of repealing the Army Amalgamation Scheme of 1859 in view of the intolerable burden of existing military expenditure."

I want to add the words "or substantially" word "repealing."

The HONOURABLE THE PRESIDENT: This is merely in the nature of a verbal amendment and not object to permission being given.

The HONOURABLE SIR DINSHAW WADIA: The Members of the Council, perhaps, are aware of the Amalgamation Scheme of 1859; but for those who are not aware of it, I will just take up a few minutes. When the East India Company was transferred to the Government, several changes had to be made in the constitution of the Army on the Civil and Military side. As far as the Army was concerned, it was thought by Parliament that the East India Company's Army, a local European force, should be abolished, and the old Indian Army might be amalgamated with it, and called the Army Amalgamation Scheme. A Bill to that effect was introduced into Parliament in that year, and in the proceedings of those days it would appear that there was considerable opposition to the passing of that Amalgamation Scheme by Parliament, particularly of the House of Commons. There were retired Indian Members, and experts in the subject, who opposed it most stiffly. In the same way the Government of India opposed it. So far as the Indian Council was concerned, from the records themselves, that every member of the Council opposed it, and there were very many distinguished members of that Council. Apart from the military experts, Sir John Lawrence, afterwards the Viceroy, who had saved the Empire from the Mutiny. Sir John Lawrence, himself a retired Indian Member, knew what the military difficulty was and yet he opposed it. Therefore it may be said with truth that when the Amalgamation Scheme was passed by Parliament, it was passed in the face of the robust opposition of both Members of the House of Commons and of Members of the House of Commons, and of the Government of India. This scheme came into operation thereafter, say, for three or four years, a large number of questions arose between the Government of India and the House of Commons and the War Office. Numbers of questions were asked, and the Army was divided into two parts, what you call the fighting army and the staff corps which was established in 1869. I go into all those military questions of the day, but I think that you know more or less about them. But the Army Amalgamation Scheme has been in operation for 62 years (say, for nearly 62 years), why seek to have it repealed now? There are many good reasons for it, but one of the most important is this: that this scheme has been productive of the greatest financial embarrassments to the Government of India.

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results of this Army Amalgamation Scheme. Instead of giving my own account of it, Sir, I may inform the House that every statement I make here is not my own. Every statement that I am now making is founded on official records, on the authority of the records of the Government of India, despatches from the Secretary of State, debates in the House of Commons, proceedings of commissions, committees and other like bodies that had from time to time inquired into the whole question of Indian expenditure, both civil and military. But there was a Committee specially appointed jointly by the two Houses in 1871. It was generally known by the name of the Fawcett Committee because the late Professor Fawcett was the most important member of that Committee though presided over by a Minister named Mr. Ayrton. His cross-examination on a variety of questions on Indian matters was of such a crucial character that Mr. Fawcett became the most leading and conspicuous member on that Committee. Mr. Fawcett also was a Member of the House of Commons and was afterwards able therefore to speak every year on the budget debate on these very questions, military and civil, with the greatest accuracy. This Committee, which was officially designated "East India Finance Committee," sat from 1871 to 1874. The Committee consisted of some very distinguished members of both Houses of Parliament including some who afterwards became Secretaries of State. It included Sir Stafford Northcote, and the Marquis of Salisbury, who became Secretary of State for India and a Prime Minister afterwards, and many others. It happened that Parliament came to an end in 1874; it was dissolved. This Committee had made their interim reports in the meantime in 1871, 1872, 1873 and 1874. But Parliament having been dissolved, it unfortunately happened that when the new Parliament was formed, this Committee was not revived. Practically what happened, therefore, was that this Committee also dissolved without making a real good report on the mass of evidence taken during the four years. If that Committee had been revived and had gone on and concluded its proceedings, it would in all probability have happened that a thoroughly useful and substantial report might have been presented to Parliament. And I believe that, had that report been made, Mr. Fawcett would have made many points in reference to this Amalgamation Scheme, on which he was very keen. What was recorded in evidence before the Committee, namely, that many of the embarrassments of the Government of India in matters financial arose principally from the practical operation of this Army Amalgamation Scheme, would have been prominently brought to the notice of the House. But I am not going to take up the time of this House with that evidence. The time is short. I am allowed by the President 30 minutes within which to finish my speech though I feel that on this subject, I may speak for 8 hours and still not finish it. That is the reason why I will only content myself with enlarging on the question of policy and read out to the House a few extracts with the permission of Mr. President. I will first read to the House what Mr. Fawcett said as to the true nature of the scheme to prove that there is nothing like this Amalgamation Scheme which had been for half a century so injurious to the finances of India. Mr. Fawcett said:

"A few years after the abolition of the East India Company, what is known as the Army Amalgamation Scheme was carried out in direct opposition to the advice of the most experienced Indian statesmen. India was thus as it were bound

hand and foot to our own costly system of army administration without any regard apparently being had to the fact that various schemes of military organisation which may be perfectly suited to a country so wealthy as England may be altogether unsuited to a country so poor as India."

That is the first point that was made. I leave out certain other quotations and quote the second part:

"A kind of partnership has been established between England and India and as one of these countries is extremely rich and the other extremely poor, much of the same incongruity and many of the same inconveniences arise as if two individuals were to join in house keeping, one of whose income was £20,000 a year and the other only £1,000."

That was the sort of comparison which Mr. Fawcett made as to the consequence of the Amalgamation Scheme. India, a poor country, was asked to go into partnership with a wealthy country like England. England's military expenditure compared to her revenues was only a fleabite compared to the revenues of India which was only 30 crores or thereabout. Mr. Fawcett further observed:

"An expenditure which will be quite appropriate to one whose income is £20,000 would bring nothing but embarrassment to one whose income was only £1,000. The money which is expended may be judiciously spent but if the man with a smaller income finds that he is gradually becoming embarrassed with debt because he had to live beyond his income it is no compensation to him to be told that he is only asked to bear his proper share of the expenses. His position would be the more intolerable if like India, after having been compelled against his wish to join the partnership he is forced to continue it, whether he desires to do so or not."

This is a very pertinent extract and my own belief is that whatever may be said about the efficiency of the army brought about by this Army Amalgamation Scheme one thing is certain, that is, that India has never been able to respond to all the costly proposals made from time to time by the War Office on this subject and that is the reason why it has happened, as Members will see if they will only take the trouble to go into the old records as I have done, that although almost every year despatches went from the Government of India to the Secretary of State imploring, praying, protesting, one thing after another, everything has been in vain. The War Office was very obdurate. The War Office said, "Here is the Amalgamation Scheme. You are a partner. You are bound to join with me in partnership and you must foot the bill, never mind what the bill is." So much so that the Government of India had no voice in it, absolutely none. Several Finance Ministers have said so from time to time. That also will be found in the records. During the Viceroyalty of Lord Ripon, the then Finance Minister, Sir Evelyn Baring, afterwards Lord Cromer, emphatically said so. In some of the papers it was said at that time that India has a voice and Lord Cromer contradicted it by saying plainly that India has no voice. Again, there was the Simla Army Commission. That body also went minutely into the whole question. With the permission of the President, I will read only one passage of figures. I do not want to trouble the House with any figures at all to-day. But the one I am just going to read is very important as an illustration of the continuous new charges annually passed on to India by the War Office. I will read to the House what is stated in the despatch of the 21st November, 1884. This despatch points out to the Secretary of State at that time how India has been burdened every year

with more and more demands, great or small, by the War Office. Here is an account of such yearly burden between 1864 and 1884. I repeat that it is only a simple illustration of many other things which have happened since then. Every two or three years there have been increases of salaries of officers; there has been an increase of pay to the soldier, also increased expenditure on depôts, transport, ordnance and many other things besides. "Many a mickle makes a muckle" and every little item has gone to swell the military expenditure and the result has been, as I said, that to-day we find ourselves so much embarrassed in regard to our financial position. I personally believe that a portion of this expenditure is due to the exceptional causes brought about by the war and to the further increases consequent on the fresh organisation of 1920-21. But I will only as an illustration read with the permission of the President a paragraph from the Despatch just referred to:

"In 1864 increased rates of pay were granted to medical officers of the British service in India—amounting to £20,000 a year and a revised scale of clothing and compensation to the British army was introduced costing £20,000 more. Then in 1865-66, there were increased rates of pay granted to Veterinary Surgeons. That was a small matter, amounting to £3,500. In 1866-67, gymnastic instruction was introduced into the British army and India was asked to pay £15,000 a year. Then in 1867-68, there was an increase of two pence a day in the pay of the British soldiers and there was an additional burden of £250,000 a year. Then there was in the same year skeleton companies of Royal Engineers at a cost of £2,500 a year. Then there was an increase of £15,000 in 1868-69 owing to increased pay given to paymasters, quarter masters and so on. In 1870-71 the grant of good conduct pay was increased by £35,000."

and so on and so on. But I will not weary the House with many other figures. From 1867 however to 1883 the annual permanent new recurring expenditure on account of the military Services increased by nearly one million sterling. Thereafter the one million swelled to one million and a half, to 2 millions, 3 millions, 4 millions, ever increasing but never diminishing till at last as a result of this Army Amalgamation Scheme we find ourselves to-day in the position of an annual total charge of 62 millions without exchange. Now, I do not mean to say that the Army is inefficient. I dare say that the British army is the most efficient instrument in the world and we know that it was very efficient during the late War and but for the British Army, France would have been nowhere to-day. I am willing to pay my tribute of praise to the efficiency of the British Army. But I am not going to attack any officer; I am not going to criticise any military arrangement, neither the Commander-in-Chief nor his subordinates; I am only attacking and criticising the policy underlying the Army Amalgamation Scheme. As Members of this House are well aware, expenditure depends upon policy; that is the maxim; whether right or wrong, it is generally considered that expenditure is dependent on policy. If the policy is a wise and economic one, of course, the country is benefitted; if, on the contrary, the policy is unwise and burdensome, the country is worse off. That is the consequence of a given policy for the time being. I therefore ask the House to consider *what is the policy underlying the Army Amalgamation Scheme?* As I have said, and as stated by Mr. Fawcett in the House of Commons, it is the policy which has bound India "hand and foot" to the War Office. India cannot utter a single word. The Government of India may raise its voice, as you will find from the records that it has done

year after year for many years past, but the War Office is deaf; its ears are stuffed with cotton wool. All it says is, "here is the bill; are you going to pay it or not;" and perhaps if the Commander-in-Chief does demur, they say as it were, at the point of the bayonet, "Are you going to pay it or not? If you do not, we will take it forcibly." That is the position in which India has been since 1859. Half a dozen times during the last 50 years Committees have been formed. The Government of India did not wish to pay these War Office bills and after much correspondence the Secretary of State for the time being appointed a Committee to investigate the matter. But all these half a dozen Committees which were appointed in the past ended in nothing. The War Office was strong and brought forward such plausible arguments that nothing was done with the exception of some small reductions here and there. So much so, that when Lord Salisbury was Secretary of State for India he characterised the conduct of the War Office as "mean" and "squalid." I am not speaking of this from my own book: I speak from what is on record. Then, later on, Lord Northbrook, once Viceroy of India, was himself the Chairman of one of these Committees. He said that he was disgusted with the way in which the War Office was squeezing India and he considered it to be "a scandal." Those are some of the views which have been expressed. I need not say anything more. This state of matters has gone on for years and years and we are going from bad to worse. What has been the cumulative effect of this amalgamation policy? Whatever may be its abstract value and however efficient it may have made the British Indian Army, still the result is that India is in such a position to-day that even with its expanded revenue of so many millions it is not able to meet the army expenditure, especially during the last two years. The result is that the tax-payers are heavily burdened with a taxation amounting to 21 crores of rupees. That is the effect of the amalgamation policy of 1859.

Now, Sir, having said so much, I leave it to the consideration of this House and particularly to the consideration of my friend the Commander-in-Chief. He no doubt will oppose me on this subject for he is after all a military man. But I also consider that although he may be a military man he is at the same time Commander-in-Chief of the forces in India and that his duty and interest lie in defending India as far as possible from the encroachments of the War Office. He has to save us from unnecessary and extravagant expenditure which India is helpless to resist. The policy may be good from the British point of view, but it is not good from the point of view of the tax-payer of India. If he is not able to reduce this expenditure, how is the country to get on; how is the administration to get on? If the administration has been able to get along, it is because there has been many a windfall formerly in opium and now in railways. In that way the Government has jogged along. There is nothing beyond that. The tax-paying ability of India is very little; we have no elastic revenue in India even to-day. England is very rich; England has even to-day a yearly income of 4,000 million pounds; India has not an income of even 1,000. Can you under this economic condition expect that an organization which is suited to such a wealthy country like England is suited to such a comparatively poor country as India? From the efficiency point of view it may be all right. But what is the

use of that? India has to pay its way and it can only "cut its coat according to the cloth" which is available; if the quantity of cloth is small it cannot enjoy such an ample garment as England wears. That is a reasonable commonsense view, and I am sure that every one in this House will agree with me that if India is not able to afford the burdens of this amalgamation policy what is the use of having it? The expenditure incurred under it is beyond India's capacity to meet. The burden of taxation is rising and rising; times are changing; the constitution is changed; the Assembly is growing more powerful now and it will become more powerful day by day; and if the military expenditure goes on as it has gone on for many years past, then I emphatically say that a day of reckoning will come. It may be that the present military arrangements may be swept away and one cannot say what other catastrophic changes may take place. We know, Sir, from history how people over-burdened with taxation at first get sullen and discontented until their exasperation drives them into revolt. God forbid that India should have any revolt of that kind. But at the same time I appeal, not only to His Excellency the Commander-in-Chief but to His Excellency the Viceroy, that in view of what may happen if things go on as they are, it would be wisdom and an act of far-sighted statesmanship to realize that the time has come for a departure from the policy of the past in this connection in order to relieve the finances of India. We have, of course, the Incheape Committee now sitting; but I do not know whether its axe will be so severely applied as to make everybody feel its sharpness. I am not in its confidence, and until we know what its report will be, we can only hope that it will succeed in materially reducing the military expenditure to a figure which India can bear. But even the Incheape Committee, to whom I had addressed a letter on the subject, although it may reduce military expenditure, cannot effect any material improvement in military finances if the army is to continue under the aegis of the War Office. If that control continues then our expenditure will continue to increase even more. There can be no doubt about that; 50 years' experience has shown that it will increase and the finances of India will not be able to meet it. If India was able to, I would not grudge the Commander-in-Chief getting double his pay. But no, we are poor; we go in tattered clothes while they in England go in broad-cloth. That is the position. Therefore I say the first thing is to appeal to Lord Reading, the Viceroy. He has come to us as he has declared from time to time with the intent and purpose, above all things, to do justice between man and man, between black and white. All are equal in his eyes. And if justice is to be done, my appeal to the Governor General in Council is, "pray appeal to the Secretary of State to either repeal the Amalgamation Scheme or modify it so that India may have an equal voice with the War Office." At the present moment India has no voice. But the Central Legislature will become more powerful in the future and if the War Office will not change its policy the Legislature will compel it to change by and by. But what is the use of waiting till they are compelled to do it? If they are wise they ought to take the new departure now with grace. And if the statesmen at the helm of the Home Government are wise they will see to it that this Amalgamation Scheme is altogether abolished and that a new scheme equitable to India and in every way suited to its financial

condition is substituted. If not, modify it substantially, as I have said in my amendment, in such a way as to enable India to breathe freely and to see that the Government of India may not be fettered hand and foot as it is now, and that we can go on smoothly, so smoothly that everybody may think that fiscal autonomy will come soon, and that the Central Government will have more money available for education, for sanitation, and for all other objects of great public utility. At the present time we are starving. 21 crores have to be paid away at once. Everything is stopped and the Inchcape Axe is coming. I do not mean to say that it is only the military expenditure that has gone up; but I do say this, and that most emphatically, that more or less it is the military expenditure that has brought all this financial embarrassment. Therefore, Sir, without further expatiating on this subject, I beg to conclude by appealing to the House to support my Resolution. I have no doubt that the head of the Army, who is here, will be very sympathetic after having heard me and he will see that some good does come out of this debate to-day. With these words, Sir, I take my seat.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, after what the proposer has said—and a very elaborate dissertation we have heard from him on this subject—I feel some sympathy for his point of view. He is evidently out, as we are all out, and though perhaps Honourable Members may not wholly appreciate it, I myself also am out, to reduce the military expenditure. I am sorry that I cannot however accept this Resolution on the part of Government for the simple reason that; as I hope I shall be able to show, far from having the effect which the Honourable Member thinks it will have, namely, to reduce the military expenditure, it will have exactly the opposite effect by increasing it very considerably; and for that reason I must on behalf of Government oppose the Resolution. I do not propose to discuss at any length the merits or the demerits of the arguments employed in the inquiry, to which my Honourable friend referred, of 1859 which led originally to the Army Amalgamation Scheme. Many of these had reference to circumstances which, of course, long ago disappeared, and I imagine it to be the wish of this Council to consider the matter more from the practical point of view of the present day than the consequences, financial and others, which would have ensued if the original Amalgamation Scheme had not been adopted. I may point out, however, in passing that the Amalgamation Scheme was originally opposed by its critics mainly on political and on military grounds and not on the financial ones, which I understand have particularly actuated my Honourable friend in putting his proposal forward. It was shown in 1859 that the local Army on the lines of the old East India Company's forces was more expensive and less efficient than the British regular troops. At the present day it is clear to demonstration that if the Government of India were to maintain a separate British force of their own enlisted for special and continuous service in India, it would be very much more costly and far less efficient than employing, as they do now, regular British regiments which come to India for a tour of duty and on the same rates of pay as they receive whilst serving in the United Kingdom. I believe that my Honourable friend holds to the doctrine of relative efficiency. He has referred to it in what he has already said, and contends that the British soldiers in India

to-day are too efficient for the work that they have here to perform and that we ought to cut our coat according to our cloth. I fully agree as regards his coat and his cloth, but I cannot follow him into the theories of the relative efficiency of the armed forces of the King. My experience forces me to the conclusion that the first and the paramount necessity in war is to beat the enemy and that if you calculate too narrowly a margin of relative efficiency, you will probably find that the enemy will beat you. I cannot accept, therefore, a lower standard of efficiency than that at which the Government of India have hitherto very rightly aimed. In matters of defence such a policy could not possibly be contemplated. India contains one-fifth of the entire population of the globe. It has the longest and the most frequently crossed land frontier of any country in the world; and where the interests at stake are so large and the dangers so formidable, I should not be doing my duty as Commander-in-Chief if I were to accept a standard of efficiency lower than that which the Great War has proved to be necessary in order to avoid defeat. Now, if it is admitted that we should continue to employ in India European troops of the same moral and fighting value as those which have been employed here for the last thirty or forty years, it is easy to show that the present arrangement is by far the most economical way of doing it. It would be impossible to persuade soldiers to enlist for continuous service in India at the same rates of pay that they would accept if their services is to be spent partly in India and partly in England. This seems to be axiomatic. In order to provide a force separate from the British Army for service in India as was done in the old East India Company days, we should have to set up in the United Kingdom an organization for recruiting and training on modern lines at a prohibitive cost to the Indian tax-payer. The establishments which existed when the Peel Commissions sat in 1859 no longer exist to-day, and the re-creation of them under modern conditions owing to the enormous rise in prices, would be an exceedingly costly affair. Moreover, it will be both unwise and financially unjustifiable to institute a machinery which would enter into direct competition with the British recruiting establishments in England in order to obtain in the open market the man-power that India would require, even if—and this is by no means certain—the Imperial Government would permit you to compete with her in the markets of the United Kingdom. Moreover, the pensionary charges that will be sufficiently attractive to induce the right class of men to enlist, would have to be considerably more liberal than those which are now paid to the British personnel in the Indian Army to-day.

Of the military aspect of the problem, I need say little. The arguments which were used in 1859 apply with equal force to-day, and I am sure this Council will recognise the great advantage which accrues to India from having at her disposal a portion of the British regular Army. If our arrangements were independent, we should with the long service Army have no means of maintaining a reserve either for the replacement of casualties or for expansion in the war. The periodical reliefs enable the British soldier to-day to maintain the requisite standard of health and physical fitness. The soldiers as well as their officers have the advantage of deriving their discipline and training from the most up-to-date schools of military science in England and the war experience of many battle-

fields.* But above all things, the officers and men of the British Army are imbued with the instinct of discipline and of loyalty to the Empire as a whole in a degree which could never be achieved by a purely local European force.

I turn now to what would appear to be the principal count in my Honourable friend's indictment. He seems to think that the present arrangement is one which in practice diminishes the control of the Secretary of State and the Government of India over the application of Indian revenues, in that the Government of India are compelled to pay to the British soldier rates which in the last resort are fixed by an extraneous authority. The Honourable Member has told us something of his attitude towards the War Office, and I think he at least insinuated that the will of the War Office was arbitrarily imposed upon us here in India, and that we had no redress of any sort. Now, perhaps I am the person of all others whose business it is to discuss and to settle with the War Office such matters as are under discussion between the Government at Home and the Government of India, and I can assure him that I do not take it lying down as he apparently imagines. It is certainly true that we have to pay the rates which the Home Government find necessary in order to get us the article we require, but we do this as a matter of business, and not as a surrender to the arbitrary dictation of the War Office, as he seems to think. We, the Government of India, are looking for the same article as are His Majesty's Government. We enter the same market side by side, and instead of competing against one another and thereby raising the prices against each other, we, by mutual agreement, go into the market together in order to get what we require at the lowest possible rate. I am sure my Honourable friend, with his business acumen, will appreciate this, but I am not sure that he fully realises the fact that we do not have to pay the British soldier here in India more than he receives for his services rendered in the United Kingdom. It is the general rule that when European personnel is employed in India, some extra emolument has to be given to compensate them for the hardships and expenses of this so-called exile. British troops serving in Mesopotamia are paid more than those serving in India, for they receive a Colonial allowance in addition to their Home rates of pay. Some little time ago the cost of the British gendarmerie in Mesopotamia was worked out and it was ascertained that the average cost per head of the gendarmerie in Palestine was no less than £650 a year, as compared with £350 per head a year, which is the cost of the regular British soldier employed in the same country. I have recently obtained also the statistics of the rates of pay which are paid by the various Dominions for their localised British personnel. In 1909 the pay of the private soldier of the permanent force in Cape Colony was 5 shillings a day on enlistment, and on completing two years' service, it was 6 shillings a day. The total pay of the private soldier in the British Army in the same country and in the same year was one shilling a day. I will not waste the time of the Council by quoting figures from the other self-governing Dominions, for I think I have said enough to show that our present system of employing regular regiments of the British Army here in India is not only the most efficient from the military point of view, but is by far the most economical method of

supplying what India requires in the shape of British contingents. I ask this Council therefore to conclude that, whilst it may be possible for India to limit her military expenditure by employing a lesser number of British troops than she employs at present, she cannot hope to do so by attempting to adopt a lower scale of remuneration for the British section of her army. It is, of course, idle to imagine that the Indian Government, recruiting under its own agency, could possibly obtain better value for her money than do the recruiting agencies of Her Majesty's Government, and in my opinion the problematical advantage which the Honourable Member seems to envisage would be both illusory and uneconomical. I regret therefore that the Government is unable to accept the Honourable Member's Resolution. I can assure him that to act on his suggestion would be ruinous financially and thoroughly unsound. From a military point of view it would be a mistake fraught with grave danger to the State and in the present critical state of the world's history it would be disastrous to Indian interests. I must therefore oppose this Resolution.

The HONOURABLE MR. PURSHOTAMDAS THAKURDAS: (Bombay: Nominated Non-Official): Sir, I should have very much wished to take no part in this discussion, but the "little sympathy" which His Excellency the Commander-in-Chief said he has for the Resolution tempts me to put the question raised by the Honourable Sir Dinshaw Wacha before this Council in another light; a light based not on any conjecture or views of my own, but on the views of eminent military and civil servants of the Crown during the last 30 or 40 years. For obvious reasons I wish to confine my remarks to quotations from the writings of ex-military and civil servants of the Crown, and I hope, Sir, that you will not mind if I put the point of view that I have in my mind before this House in the shape of quotations only. I ask for that permission on this occasion because, except by that method, I would not to-day be able to elaborate the points I have in view. May I take it that I have that permission?

The HONOURABLE THE PRESIDENT: As long as they are of reasonable length.

The HONOURABLE MR. PURSHOTAMDAS THAKURDAS: Thank you, Sir. There is just one preliminary remark that I would like to make. I would like to pay my personal homage and respect to the Honourable Sir Dinshaw Wacha, whom I may aptly call the Grand Old Man of this Council, for the great feeling, the ardent patriotism and, may I add, the real and sincere loyalty to the Crown with which he has brought up this question before the House. It is perhaps in the fitness of things that the question which had its beginning more than 60 years back should be handled by the oldest and the most respected Members in this House. Nobody I know of is more capable or is better fitted to handle it, and my only regret is that His Excellency the Commander-in-Chief has not been able to give it a more warm reception than merely "some sympathy." I propose, Sir just to refer to what His Excellency the Commander-in-Chief said in connection with the Amalgamation Scheme of 1859 having been opposed by English Members then in Parliament on political grounds. I feel that His Excellency the Commander-

in-Chief perhaps overlooked, when he said so, that several Members, some of whom I think my Honourable friend Sir Dinshaw Wacha quoted, did point out with great sagacity and foresight that a scheme like this, objectionable though it may have been in 1859 on political grounds, would mean great expense to India, and might militate against India's financial resources. I am not sure, but I am under the impression that the Honourable Sir Dinshaw Wacha himself read out a quotation from Professor Fawcett. So that it has to be borne in mind that people who had foresight, sagacity, and knowledge did then warn the British Government that the scheme might be much too costly for Indian resources to bear, and alas, that warning has come only too true.

With these preliminary remarks, Sir, I propose to put forward other points of view, which I think the House ought to know, in the shape of some quotations. I am now reading from one or two parts of the Welby Commission Report of 1900. Mr. Buchanan referred to the Capitation Grant as follows: Military charges amount in all to £1,585,938 and they include expenditure for raising and training recruits for India, for deferred pay for service on the Indian establishment, and, for non-effecting services of the European army serving in India and he said as under:

"In order to justify these charges, various (and sometimes conflicting) theories are brought forward of the supposed relation of India to the Home Government. Sometimes she is treated as an independent power, at other times as in a position of strict administrative and legislative dependence. Sometimes she is spoken of as a partner in a joint concern, at other times as a more or less unwilling purchaser in a limited market. These theories would not demand attention if it were not that frequent use is made of them by public Departments at Home, particularly by the War Office, when imposing new charges on India. The theory frequently put forward that the United Kingdom and India are 'partners having an equal interest in respect of a joint undertaking' appears to be particularly out of the arguments adduced by Lord Cromer (then Finance Minister) in his Dispatch of March 2, 1914, unanswerable. 'The Indian authorities' he says, 'are so far from having an equal voice in the decision on such matters that it may be said without exaggeration they have scarcely any voice at all.' The Indian Government, however, strongly it may protest, must always in the end agree to the terms imposed on her. India is a dependency of the United Kingdom and her Government wholly dependent on that of the United Kingdom. If, however, the Home Government is supreme, she ought to exercise her supreme power with moderation and consideration. If the Indian Government is dependent, she ought to waive some of the advantages of dependence and be free from some of the incidents of independence."

Regarding the Captain's Grant, the same Mr. Buchanan writes on "6-5-71":

1. The first of these is the fact that the United States has a long and distinguished history of leadership in the world. This leadership has been based on a number of factors, including the country's size, its economic power, and its military strength. The United States has been a leading power in the world since the end of the Second World War, and this leadership has been based on a number of factors, including the country's size, its economic power, and its military strength.

I would not like to weary the House with more quotations of this nature but I should very much like to put before the House what the Government of India themselves said in 1883. It is again a quotation from the Welby Commission Report and I hope that the House will be able to infer what some Englishmen at least think is or should be the fate of the Capitation Grant and I hope the House will also see that this is what Sir Dinshaw Wacha has in his mind when he amended his Resolution and used the words "substantially modified." The Government of India, in a despatch, dated the 10th August 1883, said as under:

"It is evident that the responsible Indian authorities have to approach this question from an entirely different point of view. A reserve of British troops available for service in India would, no doubt, be very useful; but the Indian Government cannot look upon its peace establishment mainly in the light of a school or training ground for the reserve. On the contrary, the first and most important feature in any military organisation suitable to the wants of India is that a relatively high peace establishment should be maintained in order to preserve internal order. We are unwilling to use the commonplace argument that India is held by the sword, because, although it is true, we do not consider it is the whole truth and moreover we disagree with many of the conclusions which are drawn from this argument. There can, however, be no doubt that British rule in India rests on force, moral and physical, and, as an inevitable consequence of this condition of things, such a question as that of short service in the Army, with the attendant issue involved in the constitution of a reserve, must be approached, when considering Indian requirements, from a point of view wholly different from that which would be adopted in considering the requirements of England. Under these circumstances, we do not see how any partnership, properly so called, is possible."

I am very much obliged to the House for having given me the permission to read a few quotations. I will add only one word more. I appeal to His Excellency the Commander-in-Chief to accept the Resolution moved by the Honourable Sir Dinshaw Wacha. It after all only suggests that substantial modifications may be made. I hope His Excellency has been trying to relieve us from the control of the War Office, whether it is through the Secretary of State or through anybody else. But I feel one thing, and that is that there is a great deal that India has to say against the Capitation charges which are imposed on her by the Amalgamation Scheme and I hope that the quotations that I have put before the House will move the House to carry the Resolution, should it unfortunately happen that His Excellency the Commander-in-Chief cannot see his way to accept the Resolution.

THE HONOURABLE SIR DINSHAW WACHA: Sir, what have the Government said about my Resolution? Of course, His Excellency the Commander-in-Chief from his point of view may be right in thinking that it would be ruinous if the Amalgamation Scheme was repealed or modified, that we will not get recruits cheaper than before; perhaps they may be dearer. But, Sir, eschewed—and deliberately eschewed—from entering into any details of this character, what should be the future Army of India, what should be its strength, whether recruits should be obtained cheaper or dearer, and many other things, because all those questions are subordinate to the fundamental question, which is a *question of policy*. And, so far as that policy is concerned, I regret to say that although I was greatly expecting to hear that His Excellency the Commander-in-Chief would make some remarks that the policy so long pursued was unwise and detrimental to India's

interests, he seems to think that, whatever may happen, the policy is right and correct, when the facts are absolutely against him. I can stand for 12 hours here and convince His Excellency the Commander-in-Chief and those who share his views that these facts of mine are correct and that the Army Amalgamation Scheme of 1859 has been, is and will in the future be disastrous to India unless it is modified. It is that policy that I say should be modified. I want that policy to be modified for doing what? For doing justice to India, for doing justice to the Government of India and their officers who from time to time in the last 50 years have said, "We have no voice; we protest and protest and do everything in vain, but nothing happens. The War Office is obdurate and the War Office is tyrannical." The military expenditure crushes India and crushes India to a tremendous extent. Where is the money to come from? It does not come from the pockets of His Excellency the Commander-in-Chief or the Chief of the Staff at the War Office or from the British Treasury. The British Treasury wants to have its estimates reduced partially at the expense of India. Years and years ago Mr. Samuel Laing, the second Finance Minister, said that "India is the milch cow of England" and India is "sacrificed to the exigencies of British estimates." That fact is true and it has been proved in London papers like the "Times" and the "Westminster Review," etc. Twenty thousand troops who generally remain in the depôts at Home are more or less utilised for Imperial defence and whenever there is an opportunity these troops are sent out on Imperial service at India's expense. The British Army in India is not simply for the purpose of defending India; it is also for the purpose of maintaining British supremacy in India and it is British supremacy that entails so burdensome an expenditure. If that is to be maintained and if India is still to be retained as a partner, why should not the rich partner pay for the maintenance of that British supremacy in some shape or another? Why should it not contribute substantially, Sir, towards our military expenditure, whereas India's burdens may be reduced? All these are questions to which nobody has given a thought; the same is the case with His Excellency the Commander-in-Chief. There are wheels within wheels, facts within facts, of which we have no knowledge. India is poor, India is dumb and powerless: India is dumb because India has no voice and the military bureaucracy at Home is omnipotent. That is the whole situation. Are we going to go on suffering indefinitely or are we going to change? If we are going to change the constitution, so that people may have self-Government for themselves, are we not prepared to govern ourselves so as to keep military affairs in our own hands in such a way that it may not be a burden? India suffers for want of money for education and a hundred other objects of the greatest benefit to the country. What is the use of this disproportionate expenditure which goes to waste like water down the drain? We have had 21 crores of taxation because of the military expenditure. Had these 21 crores been expended on education, irrigation and other productive objects, if these 21 crores had been available for a number of other purposes now wanted, would we not be very benefited? What is benefited now? No one except England. And England is doing a great injustice to India. I am sorry to say this, but His Excellency has provoked me on it.

saying it: I wanted deliberately to refrain from saying it. Now, I think, I should say that England is doing a great injustice to India, and that is the reason why I appeal to the late Lord Chief Justice of England who is now the Viceroy of India to do justice to India. If he does not do it, no man will ever do it, and India will remain for ever bound hand and foot to the War Office. Is that the situation that my friends here desire? Is that the situation that is wanted? We want to rise; we want to be a nation and build it strongly brick by brick in years to come, so that we may have full responsible self-government but we want it never mind if it takes 25 or 50 years. The country is now awaiting it. It does not want to see that we should be incapable of defending external aggression. We should be trained and prepared for that eventuality. By all means do it in such a way that we may not feel the financial burden. Everything must have its due proportion. There is not a single country in the world where the Army is so costly as that in England. Germany had a huge army, France had a huge army, Russia had a huge army, Italy had a huge army, and what was their expenditure? Refer to their war books. Refer to their annual estimates and you will find that the cost of a soldier in these countries is nothing compared to the cost of a soldier in England. England can afford to pay, but not India. I should like to see how England will recruit her soldiers in the future. That is a point to be considered. Sir, I assure you that I am speaking here from a feeling—a strong feeling—that India has been done injustice for the last 50 years in the matter of the army services and that the time has come now for a new departure to be made. That departure consists in ending or mending the Amalgamation Scheme of 1859. I do not want the total repeal of the amalgamation. I want it to be so satisfactorily modified that the Government of India, which is our own Government, should have a free hand in the matter and should be able to say 'Thus far and no further shall we go.' I pray and I appeal to Government, let them not exasperate the tax-payer. That is a state to be sternly avoided. All India wishes nought but justice in this matter. Let this great military wrong be righted. My single voice will not do it. This voice will spread over all India and an agitation will be set on foot which will not cease till this ruinous Amalgamation Scheme is substantially modified. With these words I take my seat.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, this discussion has passed into a channel—I might almost say into an atmosphere—which is hardly, I think, within the terms of the Resolution. I dealt with the Resolution including my Honourable friend's amendment both from the point of view of the military necessity as it is to-day, and of the situation as it was in 1859.

THE HONOURABLE SIR DINSHAW WACHA: So far as the policy is concerned, the situation has not changed a bit.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I do not propose to enter into the intricacies, generalisations and objections raised by my Honourable friend, for they are, to my mind, wholly irrelevant to the terms and the scope of the Resolution itself. I do not mean to say that there is not some justification for the references that have

been made both by the Mover of the Resolution and by others, to the size of the military Budget. But I would point out that those criticisms and particularly the exuberance with which my Honourable friend has attacked the military expenditure are based upon the experience of the past years. We are now within a fortnight of the Budget and therefore the arguments of my Honourable friend might well be postponed until this Council have had an opportunity of discussing, in accordance with the announcement made to-day by His Excellency the Governor General, the Budget of the coming year 1923-24. More than that, I cannot say. But it seems to me somewhat unreasonable for Honourable Members here to attack the military expenditure in the way that they have done when their knowledge is based entirely upon what happened in the past. I decline to go into the political arguments that my Honourable friend has raised. I think they are foreign and beyond the scope of the Resolution that is before us. My contention is that the repeal, or even the modification of the Amalgamation Scheme of 1859 will not provide you with a cheaper military organization than that which you have got to-day.

THE HONOURABLE SIR DINSHAW WACHA: We shall see.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: After all I am an expert on these matters. I have had very considerable experience in the production of the British soldier both here and in England, and I tell you that if the Resolution is adopted, the soldier will cost you more than he does to-day and for that reason I still oppose this Resolution.

The motion was negatived.

16th February 1923.

RESOLUTION *RE* THE ADOPTION OF A SYSTEM OF COMPULSORY NATIONAL MILITARY TRAINING AND SERVICE.

THE HONOURABLE MR. PHIROZE SETHNA: My amended Resolution would read as follows:

"This Council recommends to the Governor General in Council that the system of compulsory national military training and service be introduced in any form suited to the condition of the country and that a Committee with a non-official majority be appointed to report as to the manner in which this object may be attained."

Sir, I own to a feeling of pride and satisfaction at being able to bring forward this Resolution, for I consider it to be of a vast and far-reaching importance. I feel it a privilege to be able to submit for the consideration of this House and of Government a question with which I believe is bound up the re-making of this land into a great and mighty nation fully capable of defending her frontiers against foreign aggression, however formidable, justifying her claim to complete self-government, and exercising her influence not only in the common councils of the great British Commonwealth but also on the steady and peaceful development of the whole world.

The military problem of India with its many aspects and phases is a problem which at the present moment is engaging as serious attention of

the Indian public as is the problem of self-government itself. It has always aroused considerable interest, nay even considerable passion. If Honourable Members will turn to the debates in both Houses, they will find that Indian Members have always taken a keen interest in the question of the military policy of this country. The Report of the Army in India Committee was published in 1920. The reformed Councils came into existence early in 1921. In its very first Session a Resolution was brought forward in the Legislative Assembly that a Committee consisting of Members of that House be appointed for the purpose of considering the recommendations made by that Committee, popularly known as the Esher Committee. Be it said to the credit of Government that that Resolution was accepted without the least hesitation; a Committee was appointed to consider the recommendations and to formulate its proposals. These proposals then came up in a series of Resolutions before the Assembly in the same Session and were duly passed. They laid down very sound principles in regard to the Indian military policy and methods of military administration. Without hesitation and without exaggeration, I make bold to say that in these Resolutions, responsible Indian public opinion for the first time under British rule, voiced itself in clear and emphatic terms in regard to the proper military policy and the methods of administration that should be followed by Government. Of these Resolutions I particularly request the attention of the House to two,—one, in which it was stated that in view of the need for the preparation of India to undertake the burden of self-defence and in the interests of economy, it was essential that a serious effort should be made to organize and encourage the formation of an adequate Territorial Force on attractive conditions and to introduce into the Indian Army a system of short colour service followed by a few years in the reserve. The other urged the appointment of a Committee for the purpose of examining and reporting upon *inter alia* the best method of giving effect to the natural rights and aspirations of the people of India to take an honourable part in the defence of their country for the attainment of full responsible Government which has been declared to be the goal of British policy. The first Resolution has already been given effect to. In regard to the other, I had sent in a question this Session, Question No. 136, to which His Excellency the Commander-in-Chief replied only two days ago saying that the Sub-Committee of the Committee of Imperial Defence have reported to His Majesty's Government, but that the Government of India however have not yet received a copy of the Sub-Committee's Report. I would like to assure His Excellency that this House and the country await with interest the publication of that Report as the country is anxious to know what recommendations the Committee have made in order to satisfy the natural rights and aspirations of the people of this country to take upon themselves the burden of national self-defence. Sir, this will show that with the rising tide of the movement of self-Government, there is a genuine desire, a desire which is getting stronger and more insistent every day that the public must take part in the defence of the motherland.

In the very interesting and perhaps animated debate which took place in the September 1921 Session of the Assembly at Simla on the

motion of Rai Bahadur Mazumdar on Indian autonomy, the then Home Member, the Honourable Sir William Vincent, made the following very suggestive and pregnant remarks. He said:

"The other great test of a claim to Dominion self-Government in my opinion is the military strength of the country; that is, its power to defend its frontiers from invasion by a foreign country, to maintain internal tranquillity, and to resist various disintegrating forces within its own borders. And here I will ask Honourable Members a question. Is any Honourable Member here prepared to say that by 1926 or 1927 or by 1930 this country will have an Indian army officered by Indians which will be capable of defending the frontiers from external aggression and capable of preventing internal disorder?"

He went on by saying:

"If I had been a non-official Member of this Assembly

mark these words—

"the one consideration that I would have constantly pressed upon Government would have been the development of an Indian army officered by Indians, because on that really rests very largely the future political progress of this country."

Sir, I for one do not entirely agree with the late Home Member in the view he expressed that this country cannot have an Indian army within a very short time. I hold that where there is a will there is a way. If Government are determined that India *shall* have a national army officered by her own sons, fully equipped in every branch, thoroughly trained in the most up-to-date methods; and if Government go the right way about to do it, there is no reason why this country will not have a truly national army within a reasonably short time.

But the point which I desire to make from the speech of Sir William Vincent is that he was perfectly right when he insisted upon the Indian public to constantly agitate and to strenuously work for the evolution and the development of a truly national army, in order that the country may become self-reliant and self-sufficient militarily no less than politically and economically. India must depend upon herself to defend herself against foreign aggression as also maintain internal peace and tranquillity. Not only therefore is a national army necessary, but the people of this land of all classes and communities irrespective of race, caste, creed or colour must be made compulsorily to serve in the army and serve for a stated period. I venture to submit that the time has arrived for Government to take up this question in right earnest and to make a beginning and an adequate beginning.

I will now lay before the House some of the reasons why I contend that compulsory military training is absolutely necessary in the interests of India. My main reasons are three. In the first place, we have been told that until we are able to defend ourselves we will not get the right of complete responsible self-Government. This, Sir, is the most essential reason. In the second place, if compulsory military training is enforced, it will help to revive and foster a martial spirit in the land which did exist to a greater extent in the days gone by than it does to-day. And lastly, if the military strength of this country is enhanced and improved, it will enable the Empire to draw upon the vast manpower of this country in the hour of need, in the hour of Imperial peril. Let me enlarge my arguments a little further.

We understand quite well that if we want to have full responsible self-Government we must at the same time undertake the responsibility of national self-defence, for the position would be anomalous and it would be radically unsound to expect to get self-Government and at the same time to expect the British to go on continuing to defend our frontiers as well as do the work of maintaining internal peace and tranquillity. As regards the maintenance of peace and tranquillity in the country itself, the position is perhaps simple. Self-Government connotes the ability to prevent civil disorder as far as possible, and if in spite thereof there is disorder, to be able to put down such disorder. I say advisedly, as far as possible, because no country in the world can completely prevent civil disorder. In fact if that is to be the test of self-Government, perhaps no country on the face of the earth would be entitled to justify its claim to be called a self-governing nation. It would be a truism to say that a country is self-governing or a free country if it cannot by means of its national forces suppress civil disorder which may disturb the even serenity and current of its life. But it assumes a somewhat different character when the question is one of repelling foreign invasion. It would then be too much to maintain that the responsibility of self-defence is the exclusive concern of that particular country which is threatened by foreign invasion. Membership of a great Empire such as the British Commonwealth would have no meaning, no value, if any one component part were threatened by foreign invasion and that component part did not receive help from the others, and for those others to sit quiet with their hands folded. Fortunately, the British Commonwealth has recognized the principle of coming to the aid of that part which may be threatened with invasion. India may therefore claim such help in the hour of need. But notwithstanding that, I say it is but right that not only India but every component part of the Empire must endeavour to be sufficiently self-reliant to take care of itself even against foreign invasion. Therefore it is absolutely necessary that the people of India should be trained and prepared to undertake the work of self-defence and that as soon as possible.

In this matter, however, I find that we are moving somewhat in a vicious circle. When we ask that Swaraj be conceded—not Swaraj in its spiritual sense or that indefinable mystic or occult form of Government with which our friends the non-co-operators seem to be so much obsessed and the pursuit of which like the pursuit of a mirage has caused much misdirection of public spirit and energy and done such incalculable harm but when we ask that dominion status—government of the people, by the people and for the people—be conceded, we are told that we are not ripe enough for it because we cannot hold our own against foreign aggression. On the other hand when we demand the creation of a national army officered by our own sons we are told we cannot get this for a long time to come. It follows therefore that we are to continue in our present form of tutelage and as a dependency for an indefinite time. Heaven only knows when Government will consider that we are ripe enough to hold our own against foreign aggression, ripe enough to be given responsible self-Government and ripe enough to become equal partners in the great British Commonwealth.

If it is held that in order to obtain self-Government, it is necessary to have the power of national self-defence, then it is the bounden duty of Government to help us to evolve and develop that power to the fullest extent to enable us to take up the task of national self-defence as early as possible, and consequently to obtain responsible self-Government. A thoughtless policy of drift or the outworn policy of slow progress may have been good in days gone by. It may be very convenient, it may suit vested interests, but such a policy will complicate the Indian problem and embitter—perhaps embitter for good—the relations between India and England. I therefore hope that Government will adopt a bold and courageous policy, a policy based on complete trust in the people, a policy which will pay for itself by the results that will follow, and I appeal therefore to the House and the Government to recognise that the system of compulsory military training and service in some form or other will alone bring about this result.

My second reason is that compulsory military training will help to revive and foster a martial spirit in the land which existed to a greater extent in days gone by. We know there is now a division between the different races of this country of martial and non-martial races and enlistment in the regular Army is made almost exclusively from what we call the martial races. Now, we do not for one moment grudge this appellation which is given to certain races and which appellation they have earned by the prowess they have displayed on scores of battle-fields and by countless deeds of bravery and heroism. But, Sir, martial spirit is not the exclusive privilege, it is not the monopoly of the one race or the other, of this or that community, nor is it something that as it were falls from the heavens above and grows where it listeth. It is the natural product of national traditions, national habits, national opportunities and national training. Time was before the advent of the British when there was no such distinction as martial and non-martial races, when every grown up man—and aye some grown up women too—could wield the sword and fire a shot. Even the metaphysically-minded Bralimin, ordinarily intent on meditation or the riddle of existence or absorbed in the performance of his religious ceremonies, could prove the warrior in him when occasion arose, as witness the history of the Peshwas and the Brahmins of the Deccan. Sir, it is the policy of the Brahmin, ordinarily intent on meditation or the riddle of existence or to a slow but effective process of emasculation that is responsible for the artificial creation among them of the division of martial and non-martial races.

My third ground is, that if the military strength of this country is enhanced and improved, it will help the Empire in its hour of trial. Does anybody believe that the great war is the last word in the conflict of nations, that there will be no other great war in the future, that the security of the Empire is assured by the solidarity of the Allies and the League of Nations, that the avowed object of the great war, namely, to end war, has been fulfilled, that a new era of perpetual peace has dawned upon the human race or that the dream of the poet and the philosopher has come true that there is now going to be a universal reign of law and order? If there is anyone who thinks so, he lives in a fool's paradise. There is already such corroding suspicion, such pro-

found distrust, such exasperating jealousy, such bitter sense of disappointed hopes and frustrated ambitions, of wrong cruelly inflicted and of advantage unjustly taken amongst the nations of the world, great and small, that unless the gods themselves intervene and prevent it, we must be prepared to face another disastrous worldwide explosion. In fact even at the present moment, the situation is full of great anxiety and it is impossible to foresee what is in the womb of time. I hold, therefore, that those who consider that the great British Commonwealth is a great instrument of human progress and desire its integrity to be maintained at any cost, can best do so by enhancing, as I said, the military strength and improving the military strength of this great country; for, if they do so, they will enable India to defend itself; they will enable India to come to the help of the Empire when it needed it and above all it will indirectly help India very greatly to attain responsible self-Government at an earlier date than will otherwise be the case.

At this stage I think I ought to anticipate and perhaps endeavour to reply to a possible objection. It may be said that the Government are doing everything possible under the voluntary system to train the people to undertake the burden of national defence, and that they are keeping up the military strength at the highest pitch of efficiency in order to meet all eventualities. It may also be said that besides improving the Army on the lines laid down in the recommendations of the Esher Committee, Government have passed legislation constituting what is called the Indian Territorial Force. Now, Sir, I do not for a moment wish to run down the Indian Territorial Force. I acknowledge its value and importance as a factor in the military strength of this country. But it is my firm conviction that at the best it is but a half measure and nothing short of compulsory military training will adequately satisfy the military requirements of India and meet the situation which may be brought about as a result of the working of international forces over which, in spite of all our care, caution and foresight, we cannot possibly have any control.

I know but too well that even in England itself there is considerable diversity of opinion on the question of compulsory and voluntary methods of military training. No less a soldier than the late Lord Roberts was entirely in favour of compulsory training, whereas men like Lord Haldane and Sir Ian Hamilton, the then second Military Member of the Army Council, were entirely in favour of the voluntary system before the war. For several years before the war what is called the National Service League tried to impress upon Englishmen the very great advantage of compulsory military training. It was as a result of the strenuous propaganda carried on by this League that a Bill was introduced in the House of Lords in 1909 to compel, with some exceptions, every Britisher resident in the United Kingdom to serve in the territorial force compulsorily between the ages of 18 and 30. This Bill unfortunately did not pass, but the principle of the National Service League was fully vindicated and the inadequacy of the voluntary system painfully realised during the war and Parliament had perforce to resort to the principle of compulsion.

In the British Empire it will appear that it is only in England and in this country that compulsory military training does not exist. In other parts of the Empire they do recognise the value of compulsory military training and have accepted the principle. For example in the Commonwealth of Australia all male inhabitants who have resided there for six months and are British subjects are liable for training from age 12 to age 14 in the junior cadets, and from age 18 to 25 in the Citizen Force. Further, all male inhabitants between 15 and 60 years, after six months' residence, if British subjects, are also liable to service in the case of war. In the same way in the Union of South Africa every citizen is liable between his 17th and 60th year to render, in time of war, personal service in defence of the Union, and he is also liable to undergo a course of peace training for military service and may be required to commence that training in his 21st year and to complete it not later than his 25th year. Similar regulations obtain also in Canada and New Zealand. That being so, I ask why should not India follow the example of the rest of the British Empire and indeed preferably so, because, more than the other parts of the Empire, India is open to aggression from the North, and it should be in a position to defend itself against such aggression.

I see, Sir, that I have already exceeded my time, but before I resume my seat, I would like to emphasize one point and that is that I do not desire this House or the Government to commit themselves to any particular form of compulsory military training and service. In fact I thought that my Resolution, as originally drafted, was clear on the point, but notwithstanding in order to make it clearer still, I have today with the permission of the House added the words "in any form that may suit the condition of the country." I did so because I do not for one moment contemplate that the entire male population of fighting age in this country should immediately be given military training. I leave it to the Committee to consider and make recommendations. I do not for one moment say it should be universal military training. It may be conscription, it may be that every Province might be called upon to give its quota of men. All this I leave to the Committee. All I ask the House and the Government in my Resolution is to accept the principle which the Resolution embodies, namely, that, for the advantage of this country compulsory military training and service in some form or other is essentially necessary.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I will not follow the Honourable Member into all the various points that he has raised, though in many respects I must confess that I have considerable sympathy with the aspirations he has put forward. He has taken a wide view of this question; he has pointed out how necessary it is that one day India shall be able to take care of herself, to defend her frontiers, and to maintain internal peace. He has gone further and he has described and examined some of the methods that are taken by other members of this great Commonwealth to fulfil the necessities of defence. I say I have considerable sympathy with the ideas that he has expressed, but I must ask him, apart from saying what is desirable, and what in the future may be deemed to be essential to India, to come down

out of the clouds and for one moment consider the practical problem which he embodies in his Resolution because it is a very practical problem. He suggested towards the end of his speech, and I think he asked the question, as to why this compulsory service as it exists in some of the other members of the Dominions and as during the war it was established also in the British Isles, why it should not be applied to India to-day. The answer is perfectly simple, perfectly simple. What is the population of the British Isles? Some 45 millions. The population of the various dominions varies between 5 and 10 millions, but the population of India is 320 millions, and it was really to my mind almost grotesque to consider the application of compulsory military training and service to 320 millions of the human race. With these opening remarks I think I ought to take the House a little nearer to the problem itself and to consider really what it actually means, and I hope I shall be able to convince the House that the adoption in India of a system of compulsory military training and service is a measure both impractical and unnecessary. Before, however, I deal with the various aspects of the question in detail, there is a larger, and if I may say so, a higher consideration which I think I ought to place before this Council in the first instance. The consideration is one that arises out of the fact that India is a Member of the League of Nations. I would ask the House to reflect seriously whether it would be consistent with India's membership of that League and with the responsibilities and obligations which attach to such membership to adopt the proposal which my Honourable friend recommends. Members of this House

1 P.M.

are all no doubt aware that in many quarters and for many years before the war conscription was held to be a menace to the peace of the world; and it is a strong conviction of many thinking people that conscription was one of the causes which led to the Great War. Now with the experience of that war behind us, it is held by many that the true path towards peace lies in the reduction of the size of the national armed forces of the world, and not in an increase of their capacity either for defence or for aggression. I do not wish to suggest that if we had universal compulsory military training in this country, there would be a practical danger of India following the example of Germany in the same or even in a different sphere, but it must be remembered that if the principle of compulsory military service and compulsory military training were to be applied to a country of the size of India, and if the policy were to meet with the success at which it would necessarily aim, India's potentialities would be enormous. I want the House to look at this larger aspect of the question which I put forward, and to say whether at this stage of the world's history, when the world is endeavouring to recover from the results of a devastating war, when the desire of all should be toward the maintenance of the general peace, whether, in these circumstances, it would be consistent with her international ideals for India to be contemplating a proposal of this nature, or even to appoint a Committee to discover whether a policy of this nature was feasible or not. I turn now to the more practical aspects of the question. From purely natural causes, a compulsory system cannot be absolutely

universal. The system must in any circumstances and in all countries presuppose the creation of an elaborate machinery for the purpose of registering those liable to the obligation, of classifying them according to the degree of obligation which can be imposed upon them, of ensuring that each shall be called up and shall perform the quota of service or training assigned to it, of dealing with exemptions and other almost innumerable details which are indispensable in any system which envisages compulsion. I will give the House some examples of what I am referring to, taken from the regulations which have been adopted by one of the countries in the world which have adopted this system, and I may say one of the smallest countries in the world. The country is subdivided into districts, recruiting is carried out under the supervision of a senior military officer, who is assisted as regards the examination of recruits by a Medical Board composed of three medical officers and by literary and gymnastic examiners. Each recruit undergoes three examinations,—a literary examination to test his educational standard, a gymnastic examination to test his physical strength and his agility, and a medical examination to ascertain if he possesses the necessary physical and mental qualities to serve in the Army. The recruits are then classified in various ways according to their age, their physical capacity and suitability for service in the different arms. Claims to exemption are received and decided upon by the local tribunals, exemption being given temporarily or permanently as the case may be. Then there is a further distribution of the recruits among the various branches of the Army as different periods of training are prescribed varying in those different branches,—branches such as the infantry, the cavalry, the artillery, the fortress troops, the engineers, the medical and the supply Department and the transport services. Similarly an elaborate machinery is maintained for the purpose of training and instruction and also for the inspection, but I need not weary the House with further details. Imagine a system of this kind applied to a country like India, with a population of 320 millions composed of heterogeneous elements, with the added difficulty of distance and of the relatively deficient communications. It will be evident to the House that the purely mechanical difficulties of applying a compulsory military system to India places really the proposal of my Honourable friend beyond the range of practical politics; and even if the country were prepared to face the mechanical difficulties involved, the cost of the registration staff, the cost of the instructional and the training staff, the cost of the equipment which will be required for training purposes would render the proposal, I might almost say, grotesque. Supposing that we had proposed or that my Honourable friend had laid this matter before the Retrenchment Committee—for instance, I wonder what view they would have taken. However, it is quite unnecessary for me to go into further details in this respect. After all, in India it is unnecessary to adopt any system of compulsion for the purposes of the defence of the country. We can rely with confidence on the voluntary efforts of those who have a natural predilection for the profession of arms. Our experience in the last war, when the

Indian Army had to be very largely expanded, was both encouraging and satisfactory; and if a further argument were needed, it is to be found in the ready response which has been recently made to the recruitment for the Territorial Force. My Honourable friend knows something of this himself, and I have recent evidence to show that in other parts of the country also besides Bombay the force may well develop into an effective second line of the Army. The Territorial Force furnishes an adequate opportunity for those anxious to enter the army: and a Territorial Force possesses an advantage which conscripted forces do not always possess, namely, that the Government of the day can control and regulate it. I presume the House will recognize that this is in itself a very important factor. But above all things, as the regular and the territorial forces are based on voluntary service. Provided that the voluntary principle is capable of producing the numbers we require, and provided also that it is on the whole the cheaper expedient, which it is, it is clearly the principle to which a country which has liberty as its ideal should rigorously adhere. The objections to compulsory service in India are so numerous and so strong that even if my Honourable friend's proposal was merely to the effect that a Committee should be instituted to examine the question, even then I say that the expenditure involved by the appointment of such a Committee would be wholly unjustified. Its inquiry could only be academic. The Committee itself would cost a sum of money which our revenue could at this moment ill-afford. It would not be a Committee sitting at headquarters and disposing of the question expeditiously; but it would have to tour all over India to examine conditions in the various provinces. It would have to study the idiosyncracies and the peculiarities of every class, caste and creed, and it would involve, as I have said, an expenditure which certainly at the present time we should not be justified in incurring. Any form of compulsory military training as applied to India would have to absorb Census Department. It would require a large and elaborate medical section; it would involve an immense machinery for registration, exemption and distribution, and would thus constitute a huge organization entailing large expenditure for which the State would receive no adequate return. For these reasons therefore I must oppose the Resolution.

The Honourable Mover has referred to the controversy that went on on this subject before the war in England under the guidance of Lord Roberts and Sir Ian Hamilton. But the problem then confronting us (for I was taking part in the movement myself) in the United Kingdom was absolutely different to the problem which is confronting us in India to-day; and it is for that reason that the views that I now hold in reference to India are not the same as those which I then held in reference to the United Kingdom.

The HONOURABLE MR. G. S. KHAPARDE (Berar: Nominated Non-Official): Sir, I wish to support the proposition. The position as it has developed in the course of the debate here appears to fall under four heads, more or less. I shall deal with them briefly. I may say that the important words that fell from His Excellency the Commander-in-Chief

have been mostly amplified and paraphrased by the opposition speakers, or some of them at least. The first objection put forward is that India is a very large country with a population of 320 millions and therefore it is impracticable, and that word "impracticable" again has been further translated into impossible. Well, I remember in my younger days reading that Napoleon said that "impossible" was not a word in his dictionary. Impracticable comes next door to it. I say that it is genius and the test of genius to make the impracticable practicable, to make the impossible possible. And if genius exists anywhere in India it has to devise means by which this large population can be trained. One of my friends said, why should it be trained? We have no need for a larger army; we have defeated the greatest enemy that ever existed and therefore what need is there for our having a larger army. In reply to that I say that there is a Latin proverb that if you wish to have peace always think of war. If we want to have peace and if we are never to be disturbed at all, we had better be ready at all points and for all contingencies and at all times. So that, from my point of view, that disposes of the question of impossibility, or inutility and impracticability.

The last time I was speaking about border races I made an observation which was looked upon as a joke and afterwards I was congratulated upon having made a joke. But that really was not a joke; I was stating a fact. I had better draw attention to the words of the Resolution. They are "national military training and service" in such a form as may be suitable to the conditions of the country. So that it will be seen that training comes first and service afterwards, and both these are to be given in a form which will be most suitable to the existing circumstances of India. Now these three things have not been quite clearly understood by those Honourable Members who have opposed the proposition. National does not mean universal. National means training given in continuation of the traditions of the nation and in such form as the nation will assimilate. It does not mean universal, for which I think it has been mistaken. That is why they said, there are 320 millions of people and how can you train 320 millions. That is not the question. Then comes the training; and training is what I suppose my Honourable friend who moved the Resolution lays the greatest stress upon. Military training has a great many virtues, the first being the realization of the sense of discipline. Another virtue which it inculcates is that of obedience; thirdly, you learn how to act in unison, and so large units of thousands act like one man. India at the present moment does require this training. Whoever has watched the present political situation knows that there is very little cohesion among us. We are like an army of which every member is a Commander-in-Chief with no soldiers behind him. That is not a desirable state of things. My friend therefore rightly desires national organization and training to inculcate obedience and foster the ability of command. All these things are acquired, not by sitting at home, not by reading books, but by going through the discipline and the evolution of military service. If these things are introduced into the national life and carried out as they should be, then in all probability the present condition of something like chaos will disappear and order will come in its place. In order to reform this part of the case my friends have cited the successful training of the Hindus, Brahmans, Kshatriyas, Vaisnavas and Sudras. Then they say there is the question

of heredity and a great deal has been made out about the martial races. I will deal with these points in turn. There is a four-fold division in the Hindu Shastras, but that is for times of peace; and if you read on further you will find that when there is trouble and revolution, when there is a foreign invasion, then it is laid down that the Brahmans should bear arms; much in the same way as the German Professors came out to command armies, so the Brahmans taught the people military arts and in times of revolution and foreign invasion took command of the army. It is further said that the Vaishyas, Sudras and even women ought to bear arms when there is a revolution or foreign invasion; and in the history of Rajputana will be found many instances of the honourable part which women have played, like Boadicea did and many others whom I might mention. Therefore it will be seen that this four-fold division of the Hindus does not operate against military training, and my friends who depended upon that have relied upon a broken reed. They did not know that even ladies took up arms in the last resort. (*A Voice*: "Ladies of the martial races took up arms, not others.") I did not like to bring up that matter, but since it has been brought up I will deal with it. What has made the martial classes? Were they born martial or is it their training which has made them martial classes? I have a great faith in heredity, but still I think that it is their training, their environment, the discipline to which they have been subjected, which have had more to do with it. If a man was brought up as a cowherd and sent into one of those hills where I have a village I suppose you would soon see him running away from a fox. Then again that argument goes against the whole theory underlying modern military organization. During the recruitment for the recent war was a man questioned as to whether he belonged to a martial class or not. Modern nations, western nations and our own Military Department in particular have a firm belief and faith in their own training in the matter of turning out good soldiers. They think they can liek any man into a soldier. They take him away; put him for three months in this branch, three months there and similar periods elsewhere, and they turn out a good soldier. So that training has a great deal to do with it. And though I have a great pride in heredity, I still think that heredity amounts to very little without the training. If the training was not given the martial qualities of the soldiers would not be so much in evidence. My friends have told a story of a Kashmiri, and I may be permitted, Sir, to tell one of a quaker. A quaker is a person who answers to our Jains in India, one who has a dread of taking the life even of an insect. A ship was starting on a long expedition in the days of good Queen Bess, a hazardous venture. A quaker desired and offered to go as well, but the crew said, 'What is the use of taking a quaker along with us on such an expedition as this? We want a man who can fight.' Ultimately the quaker concealed himself as a stowaway and went off in the ship. In the course of its voyage the ship was attacked by pirates; the quaker was also on deck and a pirate boarded the ship at the point where he was standing and the quaker said to him, "Stay brother; thou hast no business here," and he embraced the pirate and threw him into the sea. That is what the quaker did for him. Now, that goes to show if anybody is properly trained and brought up under good surroundings, he can do a soldier's duty very well. It all depends on the training and bringing up. There is no good saying that

a particular people do not belong to the martial class. That does not count much.

Now, we take up the second question. That question is of economy. It was asked, where all this money was to come from? How is it to be spent? How is it to be done? To that my reply is, it may cost a little in the beginning, but ultimately it may mean great saving by establishing a large system of reserves so that you can curtail your standing army, you can curtail many of the expenses, and according as necessity arises, you may call up the reserves. You will see that the whole country will come to your help. That would not be like going for recruiting when the war is actually on. When the war was on, we were trying here to induce the agriculturists to drop their ploughs and take the sword and tried to march them. If you had a proper system of reserves in India, all that expense and trouble would have been reduced. After all, Army is the insurance against war; and if we could train up so many people, we shall become so strong that I suppose nobody on the face of the earth will think of fighting with the British Empire where Indian soldiers are to be taken in account. So, that question of economy, to my mind, takes a very secondary place.

The third argument that has been put forward and dealt with at very great length is how to give this training. How many teachers would be required? How many trainers would you require? How many servants would you require? There should be a large department. I quite agree that we should have a large department, but that will be a very useful department, and perhaps better than many others that exist now and on which money is spent. Only the other day I was reading a book written on Education, education in the Army, and it was found that soldiers sitting in the trenches had long evenings and they had to wait and they found it a very difficult thing to manage. You must not only take care of the physical strength of the soldier, but you have got to take care of his moral spirit or morale as it is called. How are his spirits to be kept up? They introduced small schools, they gave them lectures, they gave them little performances, and in that way there was a system of education developed. There is a book of 500 pages written by Lord Gorell. He shows how education is the necessary path to military training. He also shows how military training is enhanced and how a soldier is helped by being brought up in a school, with a little literary dash, with certain other stories told, and so on. Now, if this training is to take place and if it is carried out—as I have an idea that it should be—then there will be no difficulty. All our school-masters can be made teachers of military art; they can be given a little training which they can introduce in the schools, and in that way we can give military training to people in the whole of the country. You know, Sir, that every boy who reads a novel imagines himself to be a hero. I have often wished that I were Ivanhoe; children will easily take to it and learn it. Some of them have got a natural military instinct. But it is not the monopoly of the martial races alone. I said previously that the criminal tribes should be put on the Frontier; they will do very good work. These tribes are the very people who could be brought round by military training. They were so employed by former Kings. They will become good scouts. All this comes to the old argument which I adduced the other day. This will be quite suitable to the nation. There is division of labour and division of

peace. For times of war, for the time being, ignore this division of labour and make everybody into a soldier. There will be full value in the end for the preliminary training which we may give them at this time. Now, there is no war on hand, and we can slowly improve. The school-master will gradually teach the boys. There are many retired officers who are seeking employment and I suppose they can be had cheap enough and they will give the training very well, just in the same way as other things are taught in the schools. Why should not the first elements of military training be given through schools? The Government itself has set an example by making University Corps and Territorial Forces. This will merely be extension of that system and it should be more persistently carried out. I do not see where all these objections that have been urged come in at all. There is a further point. It is said that

The HONOURABLE THE PRESIDENT: I am sorry to interrupt the Honourable Member: but if he has taken the part of Ivanhoe, I must on this occasion take the part of the Templar and remind him that his time is approaching to a close and that he must bring his remarks to a conclusion as soon as convenient.

The HONOURABLE MR. G. S. KHAPARDE: I will close with this remark that I have got to make. Unfortunately, during this argument, people who have great faith in heredity have omitted training, and people who have got faith in training have omitted heredity. If both are combined and genius—we are talking of military genius here—is brought to bear on this question, it will be found to be the most practicable of all practicable questions, and the learning, the training, the capacity to command and all these things will come in their due course. In the old Council I moved a proposition of this kind, but that was disposed of in the usual way by the rule of the majority. I am glad to see that that proposition has come in here again, and I heartily support it and I hope that our Council will carry it without division.

The HONOURABLE MR. PURSHOTAMDAS THAKURDAS (Bombay: Nominated Non-Official): Sir, I rise to support the Resolution before the House. Whether the Resolution meets with the approval of Government or not, whether it is passed by the House or rejected, I have not the slightest doubt that the aspirations that the Honourable Mr. Phiroze Sethna gave vent to in moving the Resolution are the aspirations of the country and of the Indian public unanimously. The most distressing feature of the discussion on the Resolution appeared to me to come forth from—and I will say that with all apologies to them—two at least of the three expert non-official Members intimate with the martial classes. As pointed out by the Honourable Raja, who just spoke before me, unfortunately two of these experts,—and I am sure one of them at least—the Honourable Lieutenant Lal Chand,—introduced the question of martial classes and non-martial classes. I have taken down a few of the words that he used. He said that “the Resolution aims at breaking down the monopoly of the martial classes.” I had still to learn, Sir, until to-day, when I heard it from him, that there was any question of a monopoly of the martial classes in this year of grace 1923. Indeed, I did not know that there was anybody in this House who sympathised with the Brahmin who still maintained that he would not allow the non-Brahmin to be on a level with him. I really wonder if my Honourable friend over there

thinks that the non-Brahmin in trying to come up to the Brahmin is doing a wrong thing. He asked a pointed question whether there was a Mahajan Maharaja at all. May I ask him whether he would object to a Brahmin who acted as a merchant? Does he object to a Pariah or an untouchable Hindu coming up here and sitting on the same Bench with him or with me in this Council Chamber? And, if he does not do that, I really wonder if he has not been carried away, perhaps by justifiable pride for the services that he may have rendered to the British Government and to India during the last war in trying even to indicate—I am sure he could not have meant it—that he would oppose anything that would lift up the non-martial classes to the level of the martial classes. I maintain, Sir, that that cannot be the aim or the object of His Excellency the Commander-in-Chief. I go further and say, that, if anything in that direction was at all seen, His Excellency the Commander-in-Chief and the Government of India would be the first to say all classes should be on the same footing. I venture to say and I think it is very necessary that it should be clearly understood and stated in this House, and I say it with all deference, with the greatest respect, and with all acknowledgments of the services rendered by the martial races of India, whether in the last war or up till now, that this House would not tolerate any monopoly of any class, whether it be of Brahmins or non-Brahmins, of merchants or non-merchants, of vakils or non-vakils, and, with all deference to my two friends over there, of martial classes or non-martial classes.

I would only refer to the unfortunate jeering remark that my Honourable Tiwana friend thought fit to make at the University Corps. There is no doubt about it that the University Corps have only recently started. If, in the opinion of my Honourable friend over there, the University Corps do not come up to anything like the efficiency that they ought to have, there is all the more reason that something on the lines of what my friend the Honourable Mr. Phiroze Sethna suggests should call for his sympathy and support. Instead of that the Honourable Member said: "Look at the University Corps. What do they do? They could not walk more than five miles." Does the Honourable Member think that in these days, with keen competition, when India has got to run the race with other countries, the issues are going to be decided in this way. We wish to associate ourselves and take our place side by side with the most powerful, the richest and the most advanced races or countries in the whole world. If that is his aim, as I have no doubt it must be the aim of all my three friends opposite, I do think that no measure that will bring the non-martial races to the standard of the martial races ought to be turned down on that score. I hope I have not misunderstood their meaning and their motives and that they cannot mean to keep back any measure that may raise the non-martial races to the level of the martial races and that they will give me and my children a helping hand in bringing us up to the level of the gallantry of these friends of mine opposite. I hope that they will realise that just as nobility has its own obligations in India, the martial races ought to have their own obligations towards the humble mahajan races, even if they deride us.

With these preliminary observations, Sir, regarding the lead which I thought our non-official martial races representatives were going to give us on this Resolution, I would just like to say a few words in connection

with what His Excellency the Commander-in-Chief said on this Resolution. It was gratifying to hear that the Resolution, as moved by my Honourable friend, Mr. Phiroze Sethna, had some sympathy from His Excellency the Commander-in-Chief. It has to be borne in mind, Sir, that, in spite of the eloquence that the Honourable Mr. Phiroze Sethna used, in spite of the study that he must have made of this proposition before he moved it here, he is, after all, if I may say so with deference to him, a mere layman. It is quite possible that there are certain defects in the draft Resolution as submitted by my Honourable friend to the House. I was looking forward to some hint from His Excellency the Commander-in-Chief which, if accepted by my Honourable friend, might enable His Excellency to accept the Resolution. I do not know whether I may still hope that this Resolution, instead of meeting with, as my Honourable friend said, the usual fate in this House, would be accepted by His Excellency the Commander-in-Chief in some modified form or another. But there were one or two points which His Excellency the Commander-in-Chief urged as to why this Resolution or the spirit of this Resolution could not be accepted by Government, and I would like to refer to those points briefly. His Excellency said that the League of Nations forbids the acceptance of a Resolution like this. The League of Nations has been useful in India in certain directions. It has given India a seat in the Council Chamber where all the important nations of the world sit and, as far as I am aware, I am speaking subject to correction, that is about all the advantage we have derived. The next advantage that the League of Nations has offered us is what the late Sir William Meyer, the High Commissioner for India in London, said, that we have got to pay a very substantial sum to the League of Nations Secretariat in Geneva. Beyond that, I have still to hear and learn what further advantages the League of Nations has brought us. Not that I doubt that it is going to benefit us in the long run, but if the League of Nations has some fundamental rule which comes in the way of this very natural aspiration of India, I think the Government of India would find it very instructive to make an analysis and find out how many nations who have joined the League of Nations have observed every one of its regulations and how many have yet to do so. We have done a great deal, we have been carrying through all our labour legislation because it has been dictated by the League of Nations; in other matters we are keen to respect the League of Nations, but in this one point if the League of Nations comes in our way—I honestly believe, Sir, there is a way of getting round the difficulty if we put it correctly to the League of Nations, and then they may themselves perhaps say “It is high time that India should have some sort of military training for her children, as the rest of the world have been having.”

The next question that His Excellency the Commander-in-Chief mentioned was the question of cost,—prohibitive cost, he said. The Honourable Professor from Poona asked me pointedly whether I could throw any light. I suppose it was a question for the Retrenchment Committee, His Excellency the Commander-in-Chief said. I hope the House will not mind it if I say that, whatever the Retrenchment Committee may have to say in this connection, it will be known to them through the proper channel within a fortnight, and I do not think I can oblige my Honourable friend from Poona to-day regarding anything that the Retrench-

ment Committee may have to say on this score. But I cannot help feeling, Sir, that no Retrenchment Committee, in the light of the feeling in the country, in the light of the ultimate saving, as pointed out by my Honourable friend, Mr. Khaparde, that might result from the acceptance of a scheme like this, could say that a few lakhs that might be spent on this would be mis-spent or would be an extravagance. And again, as I pointed out this morning, I may say again that my Honourable friend's Resolution does not say that action should be taken within the next year or within the next six months; if Government accept the Resolution, whenever they can find the necessary funds, etc., Government may have an inquiry made.

I feel, Sir, that the right of moving Resolutions in an assembly like this is given to non-official Members—which the non-official Members value very highly—not because the non-official Members always command for the purpose of justifying their Resolutions the expert knowledge and the detailed information which enable an Honourable Member in charge of a Government Department to accept it outright. This right of moving Resolutions has been given to non-official Members with the view that they may be able to ventilate in the House and bring to the notice of Government the hopes, the aspirations and also the grievances of the public. If this is the underlying principle on which the non-official Members value this right of moving Resolutions here, I submit, Sir, that my Honourable friend on my right has done full justice to this Resolution and has reflected the popular feeling in a most living, vivid manner; and it is now up to Government, as represented by His Excellency the Commander-in-Chief, equally to rise to the occasion; to point out to my Honourable friend if there are any defects in the Resolution which prevent him from accepting it and ultimately to accept the spirit underlying the Resolution. It does not matter if the funds necessary for it are found within six months or later. With these remarks, and repeating my great deference to all the martial races members, and hoping that they will not misunderstand me, I give my very cordial support to this Resolution.

THE HONOURABLE MR. PHIROZE SETHNA: Sir, I will begin my reply by tendering my cordial thanks to those Members of the Council who have supported me in this Resolution and supported me so warmly. I will next turn to the objections of my Honourable friends, and I will begin first with the three Indian Honourable Members of this Council who happen to be connected with the army for a series of years. My Honourable friend Colonel Sir Umar Hayat Khan took exception to the fact that I, a layman, should encroach upon his province, so to say, and speak upon a subject with which he is so closely identified. Let me assure him, that if I ever venture to bring forward a Resolution, or if I ever attempt to speak on any subject, I endeavour to do so after some little study, perhaps as much study as my Honourable friend devotes to the numberless subjects upon which he addresses this Council. In addition to Colonel Sir Umar Hayat Khan, the Honourable Major Mohamed Akbar Khan and the Honourable Lieutenant Chandhuri Lal Chaud have also wound up their speeches by opposing me. Sir, if you closely follow the tenour of their speeches you will see that they amount to an approval of the principle which I have laid down in my Resolution. They all agree that there ought to be a national army, that existing force work

should be strengthened and improved, and yet with an inconsistency that I cannot comprehend they say they oppose my Resolution. I therefore appeal to them that consistently with the speeches which they have made,—if they do not choose to support me, that they will at least withhold their votes, which is the least they can do.

Much was made by these three Honourable friends of mine of the fact that there are several communities in India, such as the Sudras and others, who cannot possibly attain a martial spirit; and one Honourable Member went on to say that the martial spirit must be the monopoly of the races inhabiting India in the north. My friend the Honourable Mr. Kale dwelt at some length on the class of men whom the great Shivaji converted into soldiers and the Honourable Chaudhuri Lal Chand intervened by saying that cultivators are not Sudras. Will he tell me if the Ahirs of the United Provinces, if the Mahars, if the Bhils, if the Bhanjaras are not Sudras? Will he tell me if they have not rendered very efficient military service, perhaps as efficient as that rendered by soldiers of races to whom a martial spirit is credited. Then again, Sir, take the Mahrattas of the Bombay Presidency. I believe His Excellency the Commander-in-Chief will bear me out when I say that it is the opinion of more than one military authority that the Mahrattas in the last great war rendered as efficient service as any other Indian soldiers from the north or elsewhere. The proposal of my three Honourable friends amounts to confining the martial races to the north. What then follows? When we are to have complete self-government, according to them we are to have martial anarchy, for it is only they who can take charge of the military and come down if they chose upon the southerners. It is to prevent that and to cultivate a martial spirit amongst all classes that I have brought forward my Resolution. In this connection I forgot to quote a very pertinent extract from the dissenting minute of Sir Krishna Gobind Gupta, Member of the Escher Committee. It will give a complete reply to my three Honourable friends. Sir Krishna Gupta said:

“It has thrown an unusually heavy military burden upon one province, the Punjab, the evil effects of which are already becoming apparent. It has been the fold of recruitment outside the borders of British India, bringing into the Indian army men who are not British Indian subjects, such as the Pathans from the North-West Frontiers and the Gurkhas from Nepal. The trans-frontier Pathans have been discredited and no longer form any appreciable part of the Indian army.”

and he rightly goes on to say:

“The area of recruitment should be extended to all parts of India and every thing should be done to stimulate a martial and patriotic spirit which decades of discouragement have repressed but never wholly extinguished.”

I now go on, Sir, to the objections made by His Excellency the Commander-in-Chief. Some of them have already been dealt with and dealt with very pertinently by my Honourable friends who have spoken on behalf of the Resolution. I hope that I will not omit to reply to any one of the important objections which His Excellency Lord Rawlinson has advanced. Sir, in the first place I must thank him for two things. one for allowing me to amend my Resolution. That amendment will satisfy His Excellency Lord Rawlinson and the House that I did not pin it down to any particular form of compulsory military training and service. My amendment modifies “compulsory military training and service” by the addition of the words “in any form that may suit the

condition of the country," and I am very glad that my Honourable friend on the left (Mr. Purshotamdas Thakurdas) has enlarged upon that point in the course of the speech he has just made and has appealed to His Excellency that if he chooses to modify it still further in any way and allow the country to have compulsory military training in any limited manner or degree we shall be only too willing and content to accept his amendment instead of my amended Resolution. The second thing for which I would tender my thanks to His Excellency is the remark which he made to the effect that he sympathises with me in the Resolution I have brought forward. I am afraid, Sir, I have got to be content with his verbal sympathy and nothing beyond that; for almost in the same breath His Excellency pronounced my Resolution as grotesque, impracticable and unnecessary. Now, Sir, he called it grotesque because he thought it was absurd to propose that 320 millions of people should be trained compulsorily and universal compulsory military training introduced. I made it absolutely clear in my opening speech and those who have supported me have done likewise, and I repeat again once more emphatically that we ask for nothing of the kind. I leave it to the Committee to make suggestions after duly considering all the *pros* and *cons*. Therefore, it cannot by any stretch of imagination be called grotesque. He further says it is impracticable and unnecessary, and the reason for that is our membership of the League of Nations. My friend the Honourable Mr. Purshotamdas has told us what is the value of the League of Nations to this country. It consists at the present moment of our being given a seat in that august body but better still of our having to pay and perhaps pay very substantially as our share of the cost because, so far as I remember, payments have to be made in accordance with the population of a particular country, and therefore India has the empty honor of doing next to nothing in the League of Nations, and paying for it very handsomely. But, if His Excellency says that being a Member of the League of Nations we must follow the rules laid down by the League of Nations, may I ask His Excellency if other nations do likewise? Was not France asked to restrict her military armaments? Did she do so? Further, did not President Harding of the United States of America when he invited different nations to the Washington Conference only last year to consider not only the naval reductions, but also military reductions, did he not press upon France to agree and did not France point blank refuse to decrease her military strength because of the situation in which she was placed? Does my Honourable friend find fault with France? (*His Excellency the Commander-in-Chief: 'Yes.'*) Moreover, the conditions in countries like France, Germany, Italy and other countries are quite different from ours. Not only are they Members of the League of Nations, but their neighbouring countries are also Members of the League of Nations. What is our position? We have Afghanistan, we have Bolshevik Russia, we have Turkey as our neighbours. Are they Members of the League of Nations? Is not that a good reason to bring forward my Resolution and will not my Honourable friend, His Excellency Lord Rawlinson, withdraw his objection on that particular ground?

Again, Sir, dwelling further upon this point, may I remind His Excellency that the Brussels Financial and Economic Conference which was held only two years ago under the aegis of this very League of Nations, to which he referred, laid down expressly that every country which is a

Member of the League of Nations should not spend more than 20 per cent. of its total income on military expenditure. Does my Honourable friend, His Excellency the Commander-in-Chief, subscribe to that theory? Is he not spending more than 67 crores in India? Was not that the amount last year, and which was not 20 per cent. but 50 per cent. of the total revenues of the Central Government? If His Excellency desires us to conform to the conditions laid down by the League of Nations, I trust His Excellency will be the first to follow it religiously himself in that matter of the military expenditure of this country.

His Excellency next referred to conscription. I know very well, that conscription stinks in the nostrils of Britishers. His Excellency the Commander-in-Chief said that it was because of the system of conscription in the Continent of Europe which proved a menace to the world that we had the great war. I say emphatically 'No.' My point is that if England herself had conscription, we never would have had that great war. Germany would never have characterised the British Army, as that "contemptible little Army," and, Sir, the history of the world from 1914 to this day and for many more years to come would have been, if England had conscription, very different altogether. The great war, which has set back the pace of civilization which was responsible for the great holocaust of men, money and everything else,—which has retarded the progress of the whole world not for the 4 years that the war lasted, but perhaps for a generation or two—that great war would have certainly been avoided if only England had conscription and in which case Germany would never have taken the rash step it did.

His Excellency next opposed my motion on the ground of economy. He called my Resolution impracticable on that ground. If I take credit for anything, I may say that as a business man I have never endeavoured to bring forward in this House or any other body to which I belong anything which I honestly consider impracticable. It is because I believe that the system which I advocate will in the long run prove economical,—and I hope the Committee will be able to satisfy themselves upon it, and if I am called before it I shall be able to prove that it will eventually prove economical and no mistake. I say, Sir, it is because I believe it is practicable, because it is economical, because you can reduce your strength of the regular army of $2\frac{1}{2}$ to 3 lakhs and have larger reserves, I contend that it will cost the country certainly less than the 67 crores of rupees a year that it is now doing. I urge this House to accept my Resolution. For it is neither grotesque, nor impracticable, nor unnecessary as the Honourable the Commander-in-Chief has tried to make out.

The Commander-in-Chief also said that if the Resolution were adopted, the cost of the training staff and the registration staff would come to a very large amount. I say, he is proceeding on a wrong assumption. I do not want universal compulsory military training. Then, His Excellency dwelt on the Territorial Force. His Excellency will remember that during this Session I put a question which is numbered Question No. 143, in reply to which His Excellency himself, only two days ago in this House, said there were on 1st January 1923, 11,531 men in the Indian Territorial Force and 2,879 in the University Training Corps, between the two, a little over 14,000, which is a mere drop in the ocean; and I would ask His Excellency to consider if he is satisfied with this . . .

° The HONOURABLE THE PRESIDENT: I must warn the Honourable Member that he is approaching his time limit.

The HONOURABLE MR. PHIROZE SETHNA: Thank you Sir, I have much to say but I must close if my time is up. I will end my reply with an earnest appeal to the Commander-in-Chief, in the terms of the appeal made by my two Honourable friends around me that if His Excellency has any objection to accept my Resolution in the manner in which it is worded in spite of the amendment which the House was good enough to allow, I for one, and I am sure all my supporters, will be only too glad to accept any reasonable proposal which may be put forward by him and which if he does, in the words of my veteran and Honourable friend, Sir Dinshaw Wacha, will mean that the Government are willing to co-operate and not to non-co-operate with us.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, as I said when I addressed the House earlier in this Debate, there were certain aspirations, I described, in the speech which my Honourable friend had made, with which I was in sympathy. I may go further perhaps and say that in so far as his desire for the appointment of a Committee to examine this subject goes (though I am not prepared to accept it, at the same time I do see what he is aiming at), my feeling is—and I speak on behalf of my Honourable friends on these Benches—my feeling is that in so far as the question of a system of compulsory military training and service is concerned—apart from anything that it may do, apart from any effect it may have on what is called the martial and non-martial classes, with which I am not concerned—in so far as that is concerned, we have a feeling of considerable sympathy. But, as a matter of practical politics, it seems to me,—and after all I have some knowledge of what this means, some knowledge of what machinery is actually required to carry out a system of this sort particularly if it is the one, and essential one which my Honourable friend has put in his Resolution, of compulsion—I say unhesitatingly that it is not a practical proposition. I have described it, as my Honourable friend has reminded me, as grotesque, impossible and unnecessary. I am afraid it is, and I am afraid it is because, in a huge country like this with the enormous difficulties both of transportation and communication, you will find that, even if such a scheme was devised for its institution, that it would give you in no way the objects that you apparently desire to attain. One of the speeches that appealed to me more than any other that I heard on this motion was that of my friend Sir Dinshaw Wacha, because he insinuated, if he did not say so direct, that I myself was a non-co-operator. It is the last attitude that I wish to adopt, and I would be only too glad if I saw any practical use in this Committee, to meet my Honourable friends by agreeing to it, but it appears to me that the question that you are going to give them to examine, that the problem you are going to put before them, that the terms of reference you will have to give to that committee, will assign them a task impossible to carry out. Much as I would like to meet the suggestions of my Honourable friends opposite, I do not feel that I can acquiesce in this, because I am the person who is responsible for devising every possible economy in our military expenditure in this country, and the question that you would put before this committee is so impossible for them to solve, that I do not think you are justified in spending the money necessary to appoint that Committee.

and for these reasons therefore I am afraid, much as I would wish to meet the wishes of my friends, I must oppose the Resolution.

The motion was negatived.

16th February 1923.

RESOLUTION *RE* INQUIRY INTO INDUSTRIAL FINANCE AND ‘INDUSTRIAL BANKS.

The HONOURABLE MR. V. G. KALE (Bombay; Non-Muhammadian):
Sir, the Resolution which I have to move runs as follows:

“ This Council recommends to the Governor General in Council that he should be pleased to give effect, at as early a date as practicable, to the recommendation of the Indian Industrial Commission regarding an inquiry, at the hands of an expert committee, of the question of industrial finance and industrial banks.”

Sir, I claim no originality for the suggestion which has been embodied in this Resolution. The proposed inquiry, if it is carried out, will fill an important gap in our knowledge regarding the subject of industrial finance and industrial banks in this country. I may, Sir, take it that it is the accepted policy of the Government of India to do everything that is practicable and in their power to encourage and support Indian industries consistently, of course, with the best interests of the country and the people at large. It was to find out in what way this policy could be given effect to in practice, it was to find out what should be the methods of helping industries, financially and otherwise, that the Indian Industrial Commission was appointed in 1916. That Commission went into the whole question of the present position and the difficulties of indigenous industries. It also considered the question of the prospects of Indian industries and made a number of very important recommendations in connection with the steps that can be and ought to be taken by Government to support and to encourage the development of industries in this country. One of the most important questions connected with industrial development in India is related to finance. Without a sufficient supply of capital it is not possible for any country to make rapid advance in the matter of the progress of its industries. The Industrial Commission inquired into the position of industrialists in Presidency towns and in the mufassal in this regard. From the evidence recorded by the Commission it came to the conclusion that so far as Presidency towns were concerned there was not much difficulty felt by industrialists in obtaining capital, but it was capital rather of commercial than of an industrial nature. However, in the mufassal and also in the Presidency towns there were serious difficulties experienced by industrialists in obtaining capital for starting and running their industries. The Commission could not come to any practical conclusion as to the particular methods by which this difficulty may be overcome. The Commission has, however, made various suggestions as to how Governments can go to the direct assistance of industrialists by means of scientific development, by means of research, by means of technical education and so forth—matters into which we need not go on the present occasion. In all these ways Government can, of course, directly assist indigenous industries; but in the matter of

finance for these industries the Commission had to inquire into the methods which are pursued in other countries. They thus came to industrial banks. They found that in foreign countries, in particular in Germany and in Japan, special industrial banks have been started and they have been of the greatest assistance to the indigenous industries of those countries. It was also discovered that the Governments of those countries were supporting these banks directly or indirectly. I realise very well that banking in different countries of the world runs on different lines. You cannot adopt the same banking system in all countries whose conditions vary. Banking in England, for example, has assumed certain shape and proportions and has also had a certain stamp fixed upon it. Specialization is a peculiar feature of banking in England. English Banking has been described as very conservative, but the conservatism of English banking has been very largely responsible for the steadiness, the stability and the success of the banks in that country. In other countries, however, the banks there could not rest content with ordinary commercial banking, and consequently they had to take up industrial banking as well. Many banks in Germany are industrial banks. They take up shares in industrial ventures and in other ways they are able to give help to new industries. The Industrial Commission has put it on record that similar banks exist in Japan and it is believed that the Japanese Government gives help to these industrial banks. You may therefore have purely industrial banks or purely commercial banks, or banking business may be done by a mixed method, where industrial banks carry on the ordinary commercial operations of banking as well. The Industrial Commission, however, had not sufficient evidence to enable it to record any specific recommendations as to the manner in which industrial banks might be started in this country and might be subsidised or assisted by the Government. They have indeed laid down certain conditions which must be satisfied by successful industrial banks; and undoubtedly it is only if those conditions are satisfied that industrial banks are likely to prove a success. At the same time, they made a specific recommendation to the Government that inasmuch as they were not in a position to make a recommendation themselves in that behalf, a small expert committee should be appointed in order that it may thresh out this question of industrial banking and industrial finance. A number of questions will have to be considered by that committee—whether the industrial banks shall be provincial or Imperial in character, and what should be the relations between provincial banking and Imperial banking. Some of these are very important matters and an expert committee alone can deal with those subjects. I am afraid it may be contended that since the Industrial Commission made its recommendation, conditions have changed and consequently it is not possible and also not desirable to carry out that particular recommendation of the Industrial Commission. I do not, however, see how this difficulty of the Reforms and also of economic and financial changes which have occurred in the meanwhile, can stand in the way of an inquiry such as was desired by the Industrial Commission itself. Consequently, in order that the Government and the public may know how the primary object that the Government has in view, *viz.*, of assisting industrial development in its financial aspect, may be given effect to, this inquiry is imperatively necessary. Let me make it quite clear that I do not want Government in any way to commit themselves to any financial

policy or industrial policy. I do not want Government to take any particular measures forthwith for subsidising industries or assisting industries in some other manner. I do not want to ask Government to encroach upon the liberties which have now been conferred upon provincial Governments. I am aware that some of the provincial Governments have taken up this question of advancing industries, and in Madras a piece of legislation has been recently enacted. In the United Provinces also, this question is being managed through a Committee or Board, and industries there are being financially assisted, so that provincial Governments and provincial Legislatures are assisting industries within their own jurisdiction. But that is not the question which I am raising. The question here is an all-India one. For example, the expert committee which the Industrial Commission recommended might come to the conclusion that there should be an Imperial Bank.

The HONOURABLE MR. D. T. CHADWICK (Commerce Secretary): There is an Imperial Bank of India. It is in existence now.

The HONOURABLE MR. V. G. KALE: Of course, I mean an Imperial Industrial Bank. I thought Mr. Chadwick would understand, when I was speaking on an industrial question, that an Imperial bank referred to by me, was an Imperial bank started, assisted and conducted primarily with the object of assisting Indian industries. It might also be that that expert committee might ask the existing Imperial Bank to do something in the way of advancing indigenous industries. Then the relations between such an Imperial Bank and the work that the provincial Governments will be doing, will have to be determined. It is a matter, therefore, entirely one that the Government of India alone can perform, it cannot be delegated or relegated to the provinces and the Government of India cannot shirk its responsibilities. In this matter the work of the Industrial Commission will not have been carried to its logical conclusion if this gap is left, and therefore I do not believe that the Government of India will have any strong ground to stand upon if they do not accept my Resolution. I ask the House to realise the importance of industrial finance and industrial banking. We cannot dispose of that subject off-hand. If we do want that Government should directly or indirectly assist Indian industries, first of all we shall require facts to go upon. Who is to collect these facts and who is to draw conclusions from those facts? It is only an expert committee which can do it. Therefore, the appointment of this expert committee is essential for carrying out that very policy and those very principles to which Government is already committed. With these words, Sir, I commend this Resolution to the acceptance of the House.

The HONOURABLE MR. D. T. CHADWICK (Commerce Secretary): Sir, the Honourable Mover of this Resolution, Professor Kale, invites us to enter upon a very interesting line of economic inquiry. He says the Indian Industrial Commission was unable to examine this problem thoroughly and satisfactorily from the point of view of India. Certainly that Industrial Commission went into its subject as deeply, I suppose, as any Commission that ever sat. It examined nearly everybody that could help them in any way; it toured the country; it took two years over its work. I do not see what more advice could be got locally on this subject. They were however, unable to visit Japan, Germany and Italy.

If it is Professor Kale's intention that this new expert Committee should have a tour in every one of those countries, then I think every one of us would be a candidate to serve upon it. But, Sir, we in this House are not allowed to look at these points from our own individual likes and dislikes; we have to look at them from the condition of the country and the conditions in which we are living here. Now I gather from this chapter on Industrial Finance in the Report of the Indian Industrial Commission that the two points that it brings forward, to which Professor Kale refers, are these. It says at the beginning that, "often the illiterate agriculturist views with considerable doubt the deposit side, of the bank's business." Professor Kale himself said that one of the difficulties in this country was in attracting money to banks for banking purposes, especially in the mofussil. Then the report goes on and envisages a particular kind of bank. It says: "What is then required is a bank which can keep in touch with small industrialists, is able to estimate the prospect of a fairly extensive range of industries, and possesses funds which it can afford to lock up for a time in securities not readily realisable."

Well, Sir, the two conditions mentioned there are, I think, to a great extent destructive of each other and that has been one of the difficulties of getting anything concrete out of this chapter on industrial finance. It is obvious that if we are to tempt the money that is lying in the villages and small towns into productive concerns, the first thing necessary is to inspire confidence; the first thing necessary is that those who possess those capital resources should be willing to deposit them in banks, with certainty of getting them back whenever desired. That means in effect they cannot be on long-term deposits. It then follows that the receiving bank must not invest heavily in securities not readily realisable. The first thing then—and I think everybody will agree with me—that the country needs is an extension of ordinary banking and an extension of our system of cheques. That will help to mobilize the private financial resources of our country either for industries or agricultural development or for commercial enterprises. It is impossible to think that by means of a bank which will not keep its assets as fluid as those of the present banks of this country, those savings could be tempted out. That is obviously impossible. Such a bank in extending in the mofussil, would have to compete with other money-lending associations, money-lenders and other banks. If that bank had a large capital, as is here suggested, and tied up its funds for indefinite periods, how could it give to its customers the same terms as other banks which keep their funds more fluid? Also, if a bank ties up its funds in this manner, it is running very much greater risks. I think we have been rather misled by the catch phrase "industrial bank." A business which is sound from a business point of view is sound, whatever be the name of the institution which undertakes it. It is no more sound because in the name of the institution which undertakes it the word "industrial" occurs. Then we have also, to some extent, suffered from the glamour of what has been done in Germany, Italy and Japan. That is an interesting field for inquiry, but I would suggest to the House that as far as Germany and Italy are concerned, which are the two chief examples, those are countries in which general banking and banking facilities have been developed from the very early times. Some of the earliest banks which were started were in Frankfort and Genoa. Those too are

the countries in which co-operative credit societies have been so largely developed. In other words, those countries mobilised small credit of the small agriculturist, etc., by co-operative credit societies. They did not mobilise the resources of the small capitalist and the small agriculturist by means of industrial banks. An examination of industrial banks shows that they catered for a different kind of business. They did not act as fairy god-mothers to a wide and miscellaneous assortment of small industrial concerns. Most of them have specialised in the early stages of certain lines of industry. If you try to work out the ramifications of some of the German ones, you will find that some of those so-called industrial banks held up to us as patterns, developed especially the electrical industry. They in fact hit upon an industry which had a future, before it and this industry developed under their aegis as a trust: in other words, they were a fine financial syndicate. But that they relied on the deposits of the little agriculturist and other small resources and were prepared to finance small local works, glass works, etc., such was not the case. Similarly in Italy, one set of banks there took up and developed the hydro-electric systems. Italy is a country without coal and the hydro-electric system was just coming to the fore and under the aegis of those banks the hydro-electricification of railways, hydro-electric power schemes, etc., were introduced. Also one can see from Italy the danger which banks of this nature run. I am speaking from memory—I have not had the opportunity to look up to see if I am right. My facts are right; I am only doubtful about the name of the bank. Eighteen months or two years ago there was a severe financial crisis in Italy owing to the failure of a large Italian bank.

The HONOURABLE MR. E. M. COOK (Finance Secretary): The Banca Disconto?

The HONOURABLE MR. D. T. CHADWICK: I would rather not give the name; I may be maligning a sound bank, but it was one of the big banks of Italy. They, like other banks, had gone forward to develop a particular branch of industry. While others had been attracted by hydro-electricity, they had been largely interested in iron and steel. During the latter portion of the war there was an enormous development in iron and steel industry and they had advanced large sums of money to the Ansaldo Works. After the war there came a big slump in iron and steel and just like any other industrial syndicate, that bank went down. Whilst some of those banks heavily committed in industry have absolutely found themselves unable to continue, others which conduct pure banking business have been able to weather the serious depression. It is not going to encourage, it is not going to help us to mobilize the small savings of industrialists by tempting them to invest in a body which is definitely going to develop industries on terms and conditions at which no business man would look. That, Sir, is as far as we have seen at present, and I submit that whilst the practice of these countries forms a very fertile and interesting field of inquiry for our economists in this country it is for them to pursue their inquiries as individuals and shew that these banks can solve the proposition I have put before.

We have been asked, Sir, "what has the Government of India done?" The Government of India began to examine this chapter. On came the Reforms Schemes, and industries and the development of industries.

became a provincial transferred subject. As such, the Government of India are prevented under the Devolution Rules from devoting funds to that object; it is disallowed; there is no question, if a Committee be appointed, of their recommending that Government of India should subsidise such a financial institution. In fact we should not be able to do so, as the Government of India. Nearly every province examined this question of industrial banking in their own province. I will read what Bombay said; it has an advisory industrial Committee of which I believe my Honourable friend Mr. Purshotamdas Thakurdas was or is a Member.

The HONOURABLE MR. PURSHOTAMDAS THAKURDAS (Bombay; Nominated Non-Official): I was a member.

The HONOURABLE MR. D. T. CHADWICK: I only wanted the value of his great support. This matter has been discussed by the Bombay Advisory Committee. They were of opinion, firstly, that the organization of industrial banks should be left to private enterprise, and, secondly, that in view of the depressed condition of industries, there is no possibility of arriving at a practical solution in the matter of industrial banks.

The HONOURABLE MR. PURSHOTAMDAS THAKURDAS: Will the Honourable Member tell me at what meetings they said so?

The HONOURABLE MR. D. T. CHADWICK: In 1921; and they recommended a scheme by which the Local Government should advance loans to particular small industries. The United Provinces Government have held their own expert inquiry, a different, an independent inquiry, and have come to the same conclusion, that the aid is not to be sought by ordinary banking or by a bank instituted with the support of Government, but by direct assistance. They have also come to the conclusion that the best way to mobilize the credits and funds in the mofussil which now lie idle, is by the banking with which we are now familiar. This is in fact a Provincial subject. Madras has already told us what they are doing, and in the face of this, Sir, I submit that my Honourable friend was perfectly right when he said that we ought to be careful upon what Committees we spend our funds. They have not much in recent years, as this is a Provincial subject and Local Governments have not asked the Government of India to undertake any such inquiry; besides as, so far as we can see, the industrial banks which are being set on foot by us solve the problem that confronts us in India. I submit that we should not at this moment spend our funds in appointing a Committee of Inquiry. I do not want the House to think that the Government is over-enthusiastic. If our economists like Professor Hale from a study of conditions in Germany, and Italy, and Japan can bring forward suggestions that in those countries these banks are very small industrial concerns, the Government will not be looked at askance if we shall be very glad to be informed of it and to re-examine the question.

The HONOURABLE MR. PURSHOTAMDAS THAKURDAS: I rise to support the Devolution. Banking is a subject of such wide importance to the Government of India in the commercial, industrial and financial spheres that I am sure the House will disagree with me if I suggest that you should be informed by the Honourable Member of the fact that I think it can not only be of the highest importance to the Government of India but also to the people of India that the Government should be kept informed of the fact of the existence of these banks in various parts of India.

cial banking or of agricultural banking. Whilst no doubt we have a number of very important and rich Banks in India, I think it can be said without fear of contradiction that so far as commercial India and the Indian commercial community by itself is concerned, there is a good deal that still requires to be done. If any proof of this was required, I would only cite the undertaking that was taken from the Imperial Bank when it was started that it would start a certain number of Branches within a certain period all over the districts of India. While very much requires to be done in commercial banking, the question raised by my Honourable friend opposite regarding the necessity of banking facilities for agricultural India cannot also be overlooked. No doubt co-operative banking has done considerable work during the last few years since it was started, but he will be a bold man who will say that it has covered anything like the field that is before it, open for further work, for more concentrated work, and, if I may say so, for work that will reach the humblest and perhaps the most needy tiller of the soil. While these two questions therefore still call for all the consideration and all the sympathy that the Government can extend to them, the question of industrial banking may for the time being in the eyes of some pale into a bit of unimportance; but I do not think it is one which can be rejected by this House summarily. The aspirations of India in the direction of the industrial development of India are fairly well-known. In fact, the Industrial Commission, although it was started when the war was on, and the British Empire needed all the assistance that India could give it for the purpose of carrying on the war by being industrially developed, there is no doubt about it that there is such a good deal that requires to be carried out even of the recommendations of that Commission. But latterly, Sir, the appointment of the Fiscal Commission has perhaps increased the interest of the Indian public in this question, and if I may say so, the interest of England in this aspiration of India. In order that India may develop industrially on the right lines, Indians mainly, and many non-Indians also, feel that a very substantial measure of fiscal protection is necessary for India. The question is at present awaiting solution by the Government, based on the Report of the Fiscal Commission. Side by side with this, the Honourable Professor Kale has brought up this very interesting question, the question of financial help to industries.

I may very frankly say that the opposition to this Resolution by Government as put forward by the Honourable Mr. Chadwick has not at all surprised me. The traditions of England for the last century or half-century, whatever you like, are against any protection to industries. Whatever may have been the means employed by England at the early stages when she was at that stage of development in which India is to-day, whatever may have been the conditions then, I am quite prepared to understand the difficulty of this generation of Englishmen as far as industrial protection or State aid for industries is concerned.

HONOURABLE MR. D. T. CHADWICK: Sir, I made no statement at all upon protection or my views on it.

THE HONOURABLE MR. PURSHOTAMDAS THAKURDAS: I said both protection as well as financial aid by the State for industries. I know that the Honourable Member did not say a word about protection for fiscal policy. I am sorry if I said only one, but I think I also men-

tioned financial help for industries by the State. We are told that catch phrases and the examples of Japan and Germany should not mislead us. Whilst I fully understand the sincerity of the views of my English friends, both officials and non-officials, may I point out to them that it is equally necessary for them to bear in mind the example of some countries at any rate which may have achieved considerable progress in the realm of industrial development by methods perhaps fundamentally different from those which England has adopted, and which may have enabled her to build up her industries. I submit that the examples of Japan and Germany are not to be despised or rejected summarily. All that the Honourable Professor Kale wants is that an inquiry should be held. If *prima facie* there was no ground for an inquiry of this nature, why, the Industrial Commission itself would not have made any such recommendation. And that takes me on a little into the details of the difference between industrial banking and commercial banking. Industrial banking, such as Professor Kale may have in his mind, appears to me to be different from commercial banking in this sense. In commercial banking the loans are for comparatively short periods, three months, six months, at the most a year. Industrial banking—I am now referring to industrial banking of the right sort only, capable of helping industries substantially—is possible only when industries can be given loans for a long period of years, two, three, five, and at times perhaps ten years. Then the loans have to be at a certain rate of interest so that the industries receiving the loans may be able to count on meeting fixed charges on their enterprises during that preliminary period. Now, any such banking and any such financial assistance can only be managed, in the present condition of India at any rate, by one party and one party alone, and that is the State. The Honourable Mr. Chadwick referred to certain bank with which I had the honour to be connected till about six months back. That bank was started with the idea of helping Indian industries. It did do a fairly good bit in that direction during the first few years of its existence. Whilst I do not wish in the least to give away any of the secrets of that bank as far as its difficulties or its achievements in that direction are concerned, I think I am entitled to say that many on the Bank did come to the conclusion that any substantial measure of financial assistance for industries whilst they are being developed can be given only by the State; for, it is only the State that can find ways and means and resources up to a certain amount of money for a period of five or ten years. In the way that India is at present situated financially and commercially, nothing very substantial may be possible for the next few years. I am quite prepared to hear from my friend the Honourable Mr. Cook that the Government treasury at the moment is not in too affluent circumstances to undertake anything like that. But I am sure he will not be so bold as to say that conditions, as far as Government finances are concerned, may not change within the next five or seven years. And after all the Honourable Mover of the Resolution has not given any time limit within which this inquiry should be carried out and within which the report on the inquiry should be put into operation. That only shows the modesty of the Resolution and how non-committal it is as far as Government are concerned.

I feel, Sir, that examples of some countries where industrial banking has been introduced by the State, as quoted by the Honourable

Mr. Chadwick, need not discourage us in undertaking an inquiry like this. It is rather the fashion lately to point to certain countries where certain policies failed or suffered bitter experiences, to point to certain countries where protection has led to the impoverishment of the masses; but after all, as far as the development of countries is concerned, in this world does not one country take a lesson from another, improve the method and then find out if that modification would not perhaps suit it? And after all, if the suggested Committee of experts say that industrial banking will not suit India, why, I think Professor Kale will himself be the first to say, "all right, let us not touch it." I do not think that these examples of the bitter experiences of countries here and there ought to discourage this House from recommending Government to undertake this inquiry, for I am sure the Industrial Commission themselves must have had information about these examples and the example of all other countries in the world which tried this and which may have in some cases found it unsuitable. The Honourable Mr. Chadwick referred to an opinion given by the Industries Committee of Bombay. I have been connected with the Industries Committee of Bombay Presidency ever since it started, before the Industrial Commission was appointed, and when it was called the Indigenous Industries Committee. The particular meeting, the minutes of which I think the Honourable Member mentioned here, I was not in India for and therefore was not present at. But I can fully understand and explain to this House the recommendations of the Bombay Committee—I am now only putting my own construction on those recommendations: I do not want anybody to run away with the idea that I am telling the House what exactly was at the back of the minds of the Members of the Committee. The Committee in Bombay may have felt that in view of the fact which has been emphasised by the Honourable Mr. Chadwick before this House that industries is a provin-

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cial subject, perhaps asking for an industrial bank would be a cry in the wilderness. But the underlying principle is there. Even in the recommendation of the Bombay Committee they have said that contributions should be made by the provincial Government for the development of industries, and that is the underlying basis of the Resolution and the recommendation of Professor Kale. Even the Industrial Committee of Bombay said that in suitable cases the Government of Bombay should make certain contributions or give certain substantial help to the industries concerned, so that, after all, with all the compliments that the Honourable Mr. Chadwick paid to Bombay, even Bombay does not appear to favour the view of the Government of India. Even they feel that in these matters help by the State is necessary. The Honourable Mr. Chadwick referred to the difficulties which the State encounter in these matters. I fully realise the difficulties and I think it is a difficult task. But I think it is just because it is a difficult task that Government should help the public at large to explore the whole question and bring out all the prominent points about it and then put them before the public. And, it may be that Members like the Honourable Mr. Kale and my Honourable friends here who have spoken in favour of agricultural banking may say that before we take up industrial banking, we had best push on with agricultural and commercial banking. But I submit that the case for inquiry stands on strong grounds and I should be very very much disappointed if Government turn it down.

And one of the reasons given for turning it down by my Honourable friend over there has been that these Committees and Commissions cost money. I should very much like the Honourable Member to have told the House what it is that the Government undertake that does not cost money. Why make so much about a lakh or even ten lakhs that may be spent at the instance of popular demand in order to meet the popular wishes and spent for the purpose of examining certain problems which stare the country in the face in order that the country may be developed? While I stand for economy and any economy that you can make, I think this is rather being overdone, and I hope that any such plea against this Resolution will not appeal itself to this House. I was disappointed to see the Honourable Mr. Chadwick endorsing that, but I do think in matters like this that is the last point that should be brought up. Not that I am in favour of a multiplication of Committees and Commissions. In fact, I feel that there comes a certain stage when even the non-official world and the non-official element in the Councils get a bit tired of committees and commissions. But I do not, therefore, think that anybody is justified, least of all the Government, in saying to the House "Oh, it costs money," for I can point out a hundred other ways in which Government may, if they are so disposed, be able to make up for not only that loss of money which may be spent on such committees and commissions of inquiry but also perhaps benefit by the results. And that brings me to the last important point that I would like to bring forward and submit to the House. When Committees and Commissions are appointed, do Government really follow up the recommendations of these Committees and Commissions? Do they fully go into these thoroughly and see whether they have done full justice to all the recommendations which any Committee or Commission may have taken so much pains to put before the public in all its aspects? Only if the Government of India will ask each department which had a Committee or Commission sitting to go into the subject with which it may be concerned, to put before Government a synopsis of the various recommendations—and I am now referring to the important recommendations of any such Committee or Commission and trying to find out how far the Government have followed up these—Government will find that the money spent on such Committees and Commissions has not been fully utilised by themselves. The fault is often not with the public which demands the appointment of the Committee or Commission or the Council which recommends it, but is perhaps with Government, for they do not examine and follow up all recommendations and say which of these recommendations could or could not be accepted. The Resolution that the Honourable Professor Kale has put before the House appears to be a very modest one. It may cost a little money, but I think it will pay in the end either by showing constructive method of industrial advance or by absolute satisfaction of the House and the public that that line of action is not feasible or desirable. Anyway, Sir, I submit that the House would not be justified in rejecting the Resolution.

THE HONOURABLE MR. V. G. KALE. Sir, I do not think that I need take up the time of the House for any length because the Honourable Mr. Chadwick has been already answered by my Honourable friend Mr. Purshotamdas Thakurdas in a very able and convincing speech. All that the Honourable Mr. Chadwick said amounted to this, that there are a number of difficulties in the way, but that did not meet my position.

He was not able to show why an inquiry should not be undertaken by Government. He tried to make out that I had belittled the importance of the work that the Industrial Commission had done. I never said that the Industrial Commission had not gone thoroughly into the whole question. What I meant to point out was that the Industrial Commission itself was not satisfied with the work it was able to do in one particular or satisfied with the evidence that was recorded before it in that connection; and it was for that reason that they left that particular aspect of the question to be threshed out by a special committee. To show that I was not drawing upon my imagination when I made my remark, I will quote to the House the very words of the Industrial Commission. The Commission said:

"We consider that the establishment of industrial banks, working on approved lines, is of sufficient national importance to justify Government assistance; but we do not feel that we have sufficient material before us to enable us to formulate a definite scheme for industrial banks, whether of Provincial or Imperial scope. We ask, therefore, for the appointment, at the earliest possible date, of an expert committee to consider what additional banking facilities are necessary for the initial and for the current finance of industries; what form of Government assistance or control will be required to secure their extension on sound lines as widely as possible throughout the country; and whether they should be of Provincial or Imperial scope, or whether both these forms may not be combined in a group of institutions working together."

Now, these words in the report of the Industrial Commission will leave no doubt in the minds of Honourable Members that the fact that the Provinces are alive to their duties and responsibilities as also to their newly acquired freedom, with respect to the development of industries and are actually taking certain steps to develop their own industries, does not stand in the way of the carrying out of the recommendation contained in this Resolution. On the contrary, there are several matters which the Government of India alone can investigate and these cannot be left to the Provincial Governments. My Honourable friend quoted certain observations of the Bombay Industries Committee. The Industrial Commission itself has referred to one of the recommendations of what they call the Bombay Advisory Committee, who positively stated: "We favour the establishment of an industrial bank" . . .

The HONOURABLE MR. F. M. COOK: I rise to a point of order. I cannot hear the Honourable Member speaking.

The HONOURABLE MR. V. G. KALE: I was quoting from the Industrial Commission's report certain suggestions made by the Bombay Advisory Committee showing how the Committee favoured "the establishment of a Central industrial bank or similar organisation with a large capital and numerous branches, designed to afford financial support to industries for longer periods and no less restricted security than is within the power or practice of existing banks." Now the facts that have been cited by the Honourable Mr. Chadwick do not in any way minimise the importance of this recommendation. He will pardon me if I say that no *obiter dicta* either from him or from me will be able to do the work which an expert committee was calculated to perform. He has given us examples of the failure of banks in Italy and in Germany. Now, the Industrial Commission itself had these examples before it, and the expert committee will certainly go into those examples. It is not for me or for any Honourable Member here to say that this is impossible and

that that is impracticable. It is because I do not want anybody to say this that I want the expert committee. He was kind enough to ask private individuals to make inquiries into this question. We know what is the fate in store for inquiries made by private bodies or private individuals and what confidence is reposed by Government itself in such inquiries. Certainly private individuals would be quite willing to undertake such work provided Government facilitates those inquiries; but it is not right on the part of Government to leave the matter entirely to private enterprise. As a matter of fact, however, the Industries Commission has laid it down in clear terms that the Government should have such an inquiry made at the hands of experts. I do not think that any more remarks on my part are necessary, and I will appeal to the House to support me in this Resolution.

The HONOURABLE MR. D. T. CHADWICK: Sir, I think from my Honourable friends who have been opposing me I have received a great deal of support to my main contention. What I put before the Honourable Professor Kale was the conflict in the Report of the Industrial Commission between spreading the system of banking amongst small agriculturists and other small capitalists and the essentials of so-called industrial banking. These last were well explained by my Honourable friend Mr. Purshotamdas Thakurdas. I went on to say that this question of industrial banks was definitely placed before each Province, and what I quoted here was in reply to the definite conclusion of the local Committee on whether or not an "industrial" Bank was needed in Bombay. What I said to Professor Kale—I did not say that Government rejected this Resolution at all—what I said to him was merely this. I pointed out that difficulty, and said if he and other economists would give us more data to reconcile what seemed to be a contradiction, then undoubtedly the question would be examined again. Also my Honourable friend Mr. Purshotamdas Thakurdas clearly supported me. From his own personal experience with his own bank which tried this work, he, I understand, came to the conclusion that at present the only way to help many of these small industrial concerns was by a direct advance of funds from Government. That is not a bank. It has no connection with banking. It is solely a matter for a Local Government,—a loan by the Local Government. A reason too why we do not agree to appoint an expert Committee at this stage on this question, and why we ask for more information about it from those who are interested in it, is that there is not the slightest doubt that, if Government appoints a Committee to examine any such questions like this, it raises immediately hopes—and possibly false hopes—throughout all the country. It raises the charge afterwards that nothing is done. And we have not before us, so far, enough evidence to convince us in any way that the solution of this problem, though we will examine it very carefully, can be devised on these lines. I would refer to the case of Italy. I did not merely point to a bank that was unfortunate. I admitted and said that many of those banks have succeeded, but all went out for big industries. What this Resolution is talking about is small industries: and if my Honourable friend can only help us in his researches to reconcile the two, I have not the slightest doubt that Government will be very ready to meet him, but we do not want to raise false hopes by an inquiry of this kind that Government

will be able to put forward funds freely to start such banks or to give loans to industries; or to lead people to think that now they are going to get money cheap on terms no business man would consider. That is what I fear.

The HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted :

" This Council recommends to the Governor General in Council that he should be pleased to give effect, at as early a date as practicable, to the recommendation of the Indian Industrial Commission regarding an inquiry, at the hands of an expert committee, of the question of industrial finance and industrial banks."

The motion was adopted.

7th March 1923.

THE BUDGET.

The HONOURABLE MR. LALUBHAI SAMALDAS (Bombay: Non-Muhammadian): Sir, I believe this is the first time when the Honourable the Finance Member has come to this House and we on this side of the House welcome him. Although the Honourable the Finance Secretary said that he comes here to face the music, I hope the music will not be unpleasant to his ears and that he will not have to hear the same sort of strong criticism that he had to hear in the other place.

Sir, the Budget speech that was circulated to us, a summary of which was given by the Honourable the Finance Secretary, left on our minds one feeling and that was, if I may say so, one of some gratification, gratification in the sense that the intelligent non-official criticism of the past three years of financial record was endorsed by a fresh mind coming with a European reputation as regards finances. Whatever we said about the extravagance of the Government, whatever we said about the inflation policy of Government, whatever we said about Government carrying on by issuing Treasury Bills, or whatever we said about the exchange has met with the approval of my Honourable friend the Finance Member. That shows, Sir, that although we were amateurs, we gauged the situation much more correctly than the Finance Department did. In this connection, Sir, may I draw the attention of the Finance Member and of the House to one point. When he refers to the people wrapping up their money or savings in a napkin or investing them in unsound securities, he perhaps exaggerates the idea of the savings in the country. The country is not rich nor is the hoarded wealth so great as reports very often state. I want him, Sir, to find out for himself whether the country can afford to bear any further taxation without hindering the industrial and commercial activities in the country. It is up to him, Sir, to make these inquiries. But before he has quite made up his mind and satisfied himself that the country is really very rich he need not have said that the Indian people should be taught to invest their talents in reproductive enterprises rather than wrapping them up in a napkin. The people are getting more into the habit of investing whatever savings they have either in Government securities in Post Office Cash Certificates or in financing the co-operative movement. In this connection, Sir, I want to enlist the sympathy of the Finance Member in one matter. He says he would like to have as much money out of the savings of the poor

through Postal Certificates as he could get so that he can carry on his work of financing the country's requirements. We want money for the co-operative movement, and very often the poor man, if he puts his money in the Post Office Savings Bank, he takes it or keeps it away from the co-operative movement which is in such great need of finances. If the rate of interest for Postal Certificates is raised, it is necessary, Sir, that part of that money should go to financing the co-operative movement.

Coming to the figures given of the revenue and expenditure of 1922-23, may I, Sir, say that the Finance Department overestimated the income by taking credit for a larger income in Railways and Posts and Telegraphs? We said at the time that very often a limit of income is reached whereafter any increase in the rates will, instead of helping the Government to realise larger revenue, lead to a decrease, and our prophecy has proved correct. The goods income has gone down, and while the passenger income has increased, it has increased very little and the actual number of passengers carried has decreased. So, the Finance Member must be very careful whenever he levies a new tax to see that the tax will bring him the income that he estimates and will not, on the contrary, lead to losses.

Coming to the expenditure side of 1922-23, may I, Sir, make a suggestion? I am referring to paragraph 11 on page 57, where it is said that owing to the rupee and sterling borrowings not having to pay a full half year's interest, that amount was not debited. I believe, Sir, the correct system of account keeping is to debit the interest due even if it is not paid. At least, in Joint Stock Companies that is the practice.

The HONOURABLE MR. E. M. COOK (Finance Secretary): It was not due.

The HONOURABLE MR. LALUBHAI SAMALDAS: The interest due up to that period—proportionate up to that date—although it is not paid. The Honourable the Finance Secretary says it was not due. The Finance Minister's speech however says "But a full half year's interest in respect of the greater part of these does not fall due till next year." I want the amount due up to that period—the amount proportionate to that period—to be debited. That is the system followed in Joint Stock Companies, and I think that is the correct system and ought to be followed by the Government of India.

Now, Sir, coming to the Budget figures of 1923-24, may I refer to what His Excellency the Commander-in-Chief said here in reply to a criticism last year? He told us that if he was satisfied that the internal commotion in the country had ceased and that peace with Afghanistan was assured and that the trouble on the Frontier Provinces had gone down, he would be the first to see that there was a reduction in expenditure. His Excellency Lord Rawlinson has been more than true to his promise, because it was he who enabled Lord Incheape to make suggestions in reduction of expenditure on the military side. He has set his approval to the reduction of the number of units both in the British and the Indian Army. We know, Sir, that had it not been for His Excellency Lord Rawlinson's support, perhaps the Government of India, even backed by Lord Incheape's Committee, could not have its recommendations accepted by the Secretary of State or the War Office. The greater

is the credit to the Commander-in-Chief for having, as he said in the other place, taken certain risks and agreed on financial grounds to a reduction both in the British and the Indian units, and I hope, Sir, that what good work he has now begun,—not as regards the reduction of units because we do not want any further reduction, but in other directions—will be carried to its logical conclusion and that Lord Inchcape's recommendations will be carried to their fullest extent. While speaking on Lord Inchcape's Committee's work, may I, Sir, say that we here in this House, as well as the other House, and I believe the country at large, appreciate to the greatest extent the good work that has been done by Lord Inchcape's Committee? We may take reasonable pride, Sir, that two of the Members of the Committee belong to this House, and although, unfortunately they are not present here, I think we may congratulate them on the good work they have done as Members of Lord Inchcape's Committee. Sir, there is only one recommendation in the Inchcape Committee's Report which I am sorry to say does not meet with the approval of myself and many of my friends. I refer to page 54 where the Committee recommends that the 4 crores of rupees that are put down for barracks for Indian troops should not be spent. I think that our sepoys require a really better treatment and that they should have good barracks. May I read that portion? On page 53 the Committee says:

"Formerly Indian troops constructed and maintained their own lines, regiments receiving an annual hutting grant for the purpose."

In the next page they ask:

"Whether the old system should not be reverted to, until the future distribution of the army and strength of units have been definitely decided."

I think that our sepoys should be well housed and that His Excellency the Commander-in-Chief will bear this in mind when he has to redistribute or reappropriate the expenditure sanctioned in the budget.

Then, Sir, there is another appeal which I should like to make to His Excellency. My Honourable friend Sir Dinshaw Wacha when he moved his Resolution about the army amalgamation scheme laid stress on the heavy expenditure of recruiting in England. That resolution was thrown out, but I think that His Excellency the Commander-in-Chief can use his influence to have the capitation grants reduced as far as possible. While I am speaking of this, may I congratulate His Excellency the Commander-in-Chief on his having begun the Indianisation of the Army by having eight Indian units officered by Indians only. That system has its advantage and disadvantage—disadvantage in one way that they will not be able to come in contact with British officers as they would have done if they and the British officers were put in the same unit. I hope that when His Excellency the Commander-in-Chief said that he would have eight Indian units officered by Indian officers he did not mean that there would not be Indian officers in the other units of the Indian Army or in the ancillary services. I hope that they will have the same opportunities of comradeship with the British officers as they have had till now and that they will be given opportunities of serving in the ancillary services also.

Coming now to the civil side of the budget, I refer to a remark made by the Honourable the Finance Member in his speech. He said that he would not be able to carry out fully the recommendations of the Inch-

cape Committee on account of two causes—he used two technical words “lags” and “terminal charges.” Those phrases may mean anything. It may mean acceptance within a year, it may mean acceptance within a month. The Honourable the Finance Member says:

“The difference between these two figures, amounting to less than 2 crores, represents the allowance which it is thought necessary to make for the fact that many of the recommendations, even if accepted, cannot be in full operation during 1923-24.”

This allowance, the Honourable the Finance Member says, is not a large one. It is very difficult for us laymen who are not in the secrets of the Finance Department to say whether it is a large one or a small one, and we would like the Finance Department to give a comparative statement as early as possible of the recommendations of the Inchcape Committee in one column and in another column the time and date when they are likely to be introduced and the extent to which they will be introduced. Then we will be able to judge whether the Finance Department has accepted the Inchcape Committee's recommendations wholeheartedly or not. Unless we have a statement of that kind, we will go on nagging at the Finance Department.

Sir, there is one remark in the Report of the Retrenchment Committee to which I want to draw the attention of the Finance Member and the Railway Authorities. That is about the large stocks held by the Railway and also by the Army. It will surprise many, it came to me as a surprise, that 58 crores of rupees, or rather 59 crores because it is 58.96 crores, have for reasons which we do not know been locked up in stocks which may not be used for years. With interest at 6 per cent. it means a charge of 3.60 crores. I do not say that there should be no stocks, but even if the stocks had been only 20 crores, there would be a saving of 39 crores which at 6 per cent. would have meant a saving of about 2.40 crores. Not only that, but there would have been a saving in the cost of accommodation for the stores and management charges. In a private company this would have been called criminal negligence. I am sorry to use strong words, but it is practically criminal negligence on the part of the Government either in the Railway Department or in the Military Department that such large stores have been kept up.

Now, I come to the last portion of the Finance Member's speech, that is, about balancing the budget. The Budget ought to be balanced. There is no doubt about it. Those of us who have anything to do with commercial concerns realise that unless the budget is balanced, neither the country nor the Government can have any credit with the outside world. India has its credit very well established, but she wants to improve it. Time was when we had to borrow in England for our sterling loan at 7 per cent. I see the Honourable Mr. Cook smiles. I know it was a blunder, but I do not now want to refer to it. It was a blunder on the part of the Secretary of State, but I am not going to rub it in. What I wish to say is that our credit has improved thereafter, and we have been able to borrow at a much lower rate, and I hope that when the Honourable the Finance Member next goes into the market for a rupee loan he will be able to raise it at a much lower rate than what he paid for the last loan. I hope the country's credit has improved to that extent and that he will be able to get the loan successfully raised at a lower rate, for, if the Honourable the Finance Member is able to reduce

the rate it means also an all-round reduction in the expectations of investors in industrial concerns. I hope he realises that if he raises the rate to get more money, he indirectly hits the industrial progress of the country, for the lower the rate the greater is the assistance to the industrial concerns and to trade and commerce in this country.

Naturally, I will be asked, how I am going to balance the budget? The Honourable the Finance Member has his own way. He says, tax the salt. I am not going to repeat the arguments which have been repeated everywhere that it is no use taxing the food of the poor man. That argument has been repeated so many times that I am not going to repeat it. Nor can the Honourable the Finance Member say to us in this House that we are objecting to it on political grounds. Sir, we have not got to seek re-election at the end of this year. We have five years' life, and two years more yet to run before we go to the country for re-election. It is not because if we go back to our constituencies with the addition of salt tax we shall run the danger of being thrown out in re-election that I say we should not tax the salt of the poor. We do not want it because there is sentiment behind it. The Honourable the Finance Member recognises it, but he thinks that sentiment ought not to count. It is a mistake to do so. In India sentiment does count. In oriental countries it is sentiment that counts and not material profit that counts. However, as a businessman I cannot say that for the sake of sentiment salt duty should be given up without finding out an alternative. I am therefore suggesting some alternatives which the Finance Member may consider and then accept them or not as he thinks best. Before I come to methods of taxation I would refer to probable reduction in expenditure. I think that if the Finance Department and the other departments earnestly make efforts to carry out the recommendations of the Retrenchment Committee they will be able to reduce the expenditure by a crore or a crore and a half. The Finance Member says 'No.' I am sorry I am not in the other House. If I were there I could reduce the grants.

I would have been able to show to the Finance Member that the estimated expenditure can be reduced by cuts in the grants. Even now, if he is prepared to give me time, I shall be glad to suggest cuts without in any way reducing the efficiency of the commercial departments or the work of the administrative departments. As that is not perhaps possible, I shall confine my remarks only to two or three items and I shall be as brief as possible. The first point to which I want to refer is what may be called the hardy annual of railway annuities. That is an item about which we fought last year. Had I not been quite confident of the justice of my case, I would not have pressed it, but I believe that from the purely accounting point of view the real method would be that the annuities payable against the purchase price and which this year amount to 1 crore 21 lakhs, should be debited to capital account and not to revenue. May I ask the Finance Member what would be the result when all payments of annuities are made? The amount against capital will be reduced to the price which was paid in cash. Is that fair? Should the block account be reduced so much below the intrinsic value of the Railway? No company does it. Depreciation there is but not annuity. I agree to depreciation but not to annuity. However it is a question of

book-keeping. In 1907, this matter went up to the Secretary of State and from 1907 no attempt had been made to bring the Secretary of State down to this point of view. I have tried to see the correspondence which was laid on the table of the other House and I find that the only argument used in support of this practice is that the Act says that the annuities shall be paid from revenue. If the Act is changed, the Finance Member's deficit will be reduced by 1 crore 21 lakhs. I believe that is a correct figure. Then the other item which can be reduced is the item of service charges mentioned on page 33 in the Demands for Grants for 1923-24. It is rather difficult to understand in the first place what service grants mean. At first I took it as most of my friends on this side of the House would do, that it was something like brokerage or underwriting commission. My Honourable friend the Finance Secretary was good enough to explain to me that it was nothing of the kind and that it was merely the interest that would be payable for the period intervening between the date of the flotation of the loan and the dates fixed for the first payment of six-monthly interest. I want to draw the attention of the Council to the fact that the provision for services in Budget estimates for 1922-23 was 1 crore 25 lakhs. Not a single pie of it has been spent. That means that Government have not spent it this year. In spite of that, provision of 80 lakhs is made in the next year's Budget. In the same way, as regards the sterling loan in England, the item put forward in 1922-23 Budget was 53 lakhs pounds, and nothing was spent therefrom, as seen in the revised estimate column, and yet provision is made for £4,700,000, which means about 71 lakhs of rupees. If you omit these two items, there will be a saving of about one crore 50 lakhs. If the Finance Department exercise their discretion well at the time of raising the new loan, and they ought to because they are paid for it, we will be able to save 1 crore 50 lakhs there. This amount added to 1 crore 21 lakhs of Railway annuities, makes 2 crores 71 lakhs which leaves a balance of about 1 crore 50 lakhs to be raised. I propose to meet this deficit by levying a higher duty on iron and steel. I hope the Finance Member will not reject it. We all expected that when the Finance Minister will present his Budget he will take into consideration the recommendations of the Fiscal Commission. I believe I am right in saying, and my Honourable friend Sir Maneckji will correct me if I am wrong, that the unanimous recommendation of the Fiscal Commission was that iron and steel should be looked upon as a basic industry and should be the first to get protection from Government. I do not want this protection just now, because the industry can get this protection when the tariff Board is established, but before doing so, if the Finance Member had taken up the work of examining the fiscal powers of the Government he could easily have found at least 1 crore 50 thousand by doubling the duty from 10 to 20 per cent. The income this year is 2 crores. It could easily be raised to 4 crores but I have underestimated it and put it down at 3 crores 50 lakhs, that is, an increase of 1 crore 50 lakhs. I desire to suggest one other mode of raising money, and that is to levy a tax on the gross freight income of ships as is done in other parts of the Empire. My Honourable friend the Commerce Member smiles. I have in my hand some papers about this, and I will make a present of them to the Honourable the Commerce Member and the

Finance Member as I have very little time at my disposal to read them. They show that the other parts of the British Empire are levying such a surcharge. If the other parts of the Empire can do it, why should we be prevented from doing it? Here is an indirect method of raising revenue, a method which is most suited to this country. I shall now refer to a telegram from the Indian Merchants' Chamber and Bureau, which I daresay the Finance Department have received also. The Chamber strongly protests against the levy of salt duty and recommends that there should be a gold standard with open gold mint. I do not want to read it as Government have got it. With these words I welcome the Finance Member's lucid exposition of the defects in the financial administration of past years, but I regret that he has not taken his courage in both his hands and gone in for reform on the lines on which we should have liked him to go.

The HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce): Sir, at the outset I should like to associate myself with the expression of welcome uttered by my friend the Honourable Mr. Lalubhai Samaldas, to the Honourable Sir Basil Blackett on his first appearance in this House which has been described as the House of Elder Statesmen. Elder, yes; statesmen, we hope.

The HONOURABLE SIR DINSHAW WACHA: We are all statesmen here.

The HONOURABLE SIR ARTHUR FROMM: Sir, when I first received the budget, it at once occurred to me that one important thing arising out of it would be that it presented but little material for discussion. I do not know that my impression has since been altogether justified here. The Budget seemed to me to be rather in the light of a colourless one. In so describing it, I do not mean to adversely criticise it; I think it has come up to the expectations of the people of this country, although perhaps it has not exceeded them. I am in entire agreement with the Honourable the Finance Member in his emphatic views of the necessity of providing for the estimated deficit, a deficit of $4\frac{1}{2}$ crores. Not to provide for this deficit would not only be unstatesmanlike, but it would be unbusinesslike, and it is unthinkable that the Legislature should add in any way to the regrettable total of 100 crores, which represents the deficits ranging over a period of 5 years.

The expenditure side of the Budget should not, I think, be discussed in detail. I regard it as being *sub judice* until the recommendations of the Inchcape Committee can be tried or given full effect to. We shall see probably next year the result of those recommendations as applied to the expenditure throughout the country and I have every hope that the result will be gratifying to the full to both Houses.

We now come to the revenue side or rather to the task which presented itself to the Honourable the Finance Member of providing extra revenue to meet the estimated deficit of $4\frac{1}{2}$ crores, and, as was, I think, anticipated throughout the country, he has turned again to the salt tax. Well, Sir, I gave my opinion on this salt tax just about a year ago. I have reflected on it since, and I must at once say that I see no reason to change the opinion I then expressed. I have never met anybody in this Council who has been able to convince me that an extra Rs. 1-4

per maund excise on salt would be oppressive to anybody in this country. It should be viewed, I consider, side by side with figures, and I understand that if you apply figures to the proposed advance in the salt tax, the result is an increase of not more than four annas per person per annum. I am unable to believe that that can be oppressive. One Honourable gentleman this morning more or less admitted that it was not oppressive; he said it was sentimental. Sentimental! I ask him, is not the country of India being educated and is it not time now to neglect sentiment when you want to obtain revenue? The Honourable Mr. Lalubhai Samaldas opposed the salt tax and then very rightly made various suggestions as to how the salt tax should be replaced. I much admire him for this, because, I do think that, when any Honourable Member wishes to have withdrawn a tax proposed by the Finance Department, it is up to him to make some constructive proposal in its place. Amongst the proposals made by the Honourable Mr. Lalubhai Samaldas was one that I did not quite understand. It was a tax on the gross freight income of ships. I have not the foggiest notion of what that means. Ships pay income-tax in India now and what other tax does the Honourable Member mean? It is quite true that upto a few years ago ships not registered in India did not pay income-tax, but they do now, and the tax that they pay is a very appreciable increase to the revenue of this country.

Well, Sir, I do not propose to speak very long. I have already expressed my opinion of the salt tax and, therefore, I have no other suggestion to make of any other increased tax.

A few days ago I received a telegram from the Western India Motor Trade Association; I have no doubt others, and possibly the Finance Department, have received similar telegrams. I should not refer to it, Sir, except that I am in entire sympathy with the views of that Association. To describe motors in these enlightened and progressive days as a luxury is, I say, entirely wrong. (*The Honourable Mr. E. M. Cook*: "Who describes them as a luxury?") It is included under the luxury tax of 30 per cent. (*The Honourable Mr. E. M. Cook*: "It is not a luxury.") I say the tax of 30 per cent. ought to be reduced and materially reduced. The deductions arrived at and given by the Honourable the Finance Member that the imports this year, or as far as we have gone this year, 1922-23, are in excess of the imports of motor cars in the previous year are, no doubt, entirely correct, but they give an entirely false impression. There was a post-war boom in motors and some few years previous to the year 1921-22 there was a tremendous import of motors into this country. Those who have met anybody connected with the motor trade know how very badly bitten some of the motor traders were. In 1921-22 the import of motor cars was reduced enormously as it comprised a period when the traders tried to get rid of the cars that they had imported during the boom. Therefore, 1921-22 is not a fair year to compare with the present year. I feel sure that this outcry from this trade would not have been so bitter if there was not full justification for it. I repeat that motor cars, motor transport, the accessories of motor cars, tyres and so on are not in these days a luxury. We should remember that not so many years ago travelling by railway train was considered a luxury, and look at railway travelling

now. We have got to be progressive in this matter, and I do hope that the Finance Department will reconsider this duty of 30 per cent. on motor cars and their accessories. The amount involved is a mere fleabite in the finances of the Central Government, but it is a real thing to the motor industry.

I have listened with interest to the remarks of my Honourable friend Sir Maneckji Dadabhoy. Naturally we should all like the super-tax and the income-tax reduced, but I am not quite sure that I feel justified in pressing for this this year.

Personally, I hope as early as possible will be next year.

With these few remarks, Sir, I have nothing to say against the Budget. I support the Salt tax this year as I did last year. I am entirely unconvinced that it is an oppressive tax. With the Salt Tax the Honourable the Finance Member will be able to budget for the estimated deficit, and I sincerely hope that the business-like instincts of Honourable Members of this House will not allow sentiment to outweigh their commonsense.

The HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan) Sir, I congratulate the Honourable the Finance Member on the Budget which he has presented to us this year, which Budget I must say is decidedly a far better Budget than we have been getting for the past few years. I also take this opportunity of recording our thanks to Lord Inchcape and his colleagues for the retrenchment proposals that they have put before the Government of India at great personal sacrifice of time and money.

Our new Finance Member has in the Budget only proposed an additional duty of Rs. 1-4 on salt, which works out to about half an anna per seer, which in my opinion is not so much as to be worth consideration. But as sentiment is against it and as I personally feel that any tax which directly affects the poorer classes is not proper, I do not welcome this proposal.

My Honourable friend Sir Arthur Froom said that when we oppose any taxation we must also suggest some other method of raising income. In that connection, Sir, I should like to propose that an additional export duty of four annas per maund be levied on jute. Of course, people say that it would affect our exports and lead to substitutes being employed. But as far as my information goes, substitutes have hitherto proved to be useless. In this connection I may also say that the bulk of our jute exports do go, besides England, to America and Germany. We find that in the United States of America, the Government is levying an import duty on manufactured jute but not on raw jute, which means that they want to encourage the jute industry in their own country at the expense of India. Germany as our next largest customer having found their substitute to be useless have had to fall back on jute from India. If I rightly understand, India is the only country which has a monopoly of jute. This extra taxation that I propose will bring us, Sir, about $3\frac{3}{4}$ crores of rupees.

The Honourable the Finance Member suggests that the export duty on hides and skins be reduced from 15 to 5 per cent. In my opinion,

Sir, this is not proper and we ought not to make any reduction in this duty, which would cause loss of 19 lakhs to the country. An export duty on petrol and motor-spirit will be quite welcome. As this matter has been already debated on in this Council, I do not like to go into details again on the subject; but I cannot refrain from saying that kerosene oil, the "Victoria" brand, which is considered as the ruling factor in the price of cheap burning oil in India, is such an inferior oil that it will be simply thrown away if placed for sale in Europe or America. This kerosene gives a great deal of smoke and particularly in the case of our reading public it is injurious to their eye-sight and injurious to their lungs. In the old days when inferior kerosene oil was not in use and the country burnt vegetable oil, our eye-sight was much better. When I was in college myself early in the nineties I saw very few students who used glasses, but now if we visit any college or even a school we find that 75 per cent. of the students wear glasses. I think that inferior kerosene oil is chiefly to blame for that.

Of course, the question of sentiment weighs a great deal with us. The other day the Honourable Mr. Chadwick, whilst laying great stress on the importance of cheap kerosene for the poor, was rather inconsistent as he did not secure any reduction in the excise or import duty on kerosene oil. As I have already proposed other taxation, I wish that the excise duty and import duty on kerosene oil should be removed. It will mean sacrificing 90 lakhs, but as the other two items which I have proposed are likely to bring in more than 5 crores, the loss of 90 lakhs will not matter.

Another thing, Sir, I find in the Budget is that on the Kabul Legation we are spending a lot of money. Afghanistan has now secured a Sovereign status and as such her Embassies have been established in chief countries of the world; so I think India ought not to bear any expense in connection with this Legation. For the information of this House I might mention that in 1913-14 the cost to India of this Kabul Legation was only Rs. 40,000; in 1922-23 it rose to Rs. 5,26,000, and in this Budget we find it at Rs. 4,80,000.

Similarly, Sir, I find that in Persia and the Persian Gulf we are spending something like 22½ lakhs, which I think ought to be borne either by the Iraq Government or by the British Exchequer, as these places cannot be considered to be a part and parcel of India. Then in the Persian Gulf alone, Sir, out of this expenditure which I have already enumerated, about 6 lakhs go for lighting and buoys in the Persian Gulf itself. I find that no tax is levied on steamers which do ply in that gulf. However, as I do not wish that this charge should fall on India, I do not like to go into details as to whether these lighting and buoys charges be borne by the steamers or by the Government concerned.

My friend the Honourable Sir Arthur Froom questioned what the Honourable Mr. Lalubhai Samaldas said about the Shipping Tax. As far as I understand, my Honourable friend Mr. Lalubhai meant that this tax should be levied on the total freight money. We find that in Australia a similar tax is levied which amounts to about 1½ per cent. (£700 in freight of £46,000); also we find a similar tax levied in the

Union of South Africa where it, roughly speaking, amounts to 1 per cent. (£60 in freight of £8,000). I think, Sir, that if we levy such a tax in India at 1 per cent., we shall make about Rs. 50 lakhs from foreign trade and about 10 lakhs from the coastal trade.

As far as the Military Budget is concerned, I thank His Excellency the Commander-in-Chief for the reduction which he has already effected in the military expenditure. I hope that in the years to come he will be able to make much larger retrenchment. As far as the Military Works Services are concerned, as my Honourable friend has already pointed out, the saving of expenditure on military barracks and on works of sanitation should not be made; for the Indian troops in particular, the present barracks are all *kutchas* and are not as sanitary as they ought to be, and so in such directions reduction is not proper.

As far as the Waziristan expeditionary expenditure is concerned, since India is an asset to the whole of the British Empire, in my opinion the British Exchequer should bear at least a portion of the cost of such expeditions.

In India, Sir, since the last few years the ruling rate of interest has been very high and one of the reasons, I think, is paucity of money; and as my friend Sir Maneckji Dadabhoy has already referred to the matter of income-tax and super-tax, I just want to say how in my opinion this heavy taxation reflects or falls upon the poor. Big bankers and big banks have to pay something like $7\frac{1}{2}$ annas in the rupee in income and super-taxes which certainly reduces their own income by 50 per cent. and they naturally try to make that up by asking much higher rate of interest from the commercial public or the agricultural people who borrow money. So this taxation which presumably seems to fall upon the rich does fall on the poor in that way, and so, Sir, I would suggest that when the time comes a reduction in super-tax and income-tax should be made. India is a poor country and the present rate of taxation is unbearable. In this connection, Sir, I might also say that in years gone by the Imperial Bank, or the then Presidency Banks, were given better facilities in crop times. Now, as far as my information goes, accommodation up to the extent of five crores only is allowed against securities, or secured commercial drafts. I would suggest that in crop times this limit ought to be raised to 10 or 15 crores, that will also cheapen the money.

Then I come to Exchange. The condition of exchange has been a great factor in depressing trade and in dislocating all business. Merchants and dealers do not feel inclined to order any goods on a large scale because they do not at all know when the goods actually land at the Indian ports what their cost will be in rupees. That is limiting the British imports into this country as well as other imports, and does affect our trade balances.

In the military budget, as far as I understood, the Honourable the Finance Secretary told us that in future under the heading of Railways the strategic lines capital expenditure and maintenance charges would be separately shown. I am sorry, Sir, that even in this budget which is put before us—I refer to Appendix III, page 22 of Explanatory Memorandum on Railway Budget—commercial lines and military lines

are bracketted together. That is not right because this does not give us any idea as to how much we are losing on military or strategic lines. It is simply a matter of accounting; but all the same, I think the House would like to be in a position to know what that particular expenditure on the military side has been in the Railway accounts.

Another way, Sir, of increasing our income, would be the location of currency reserves in India instead of in England. This will bring more money in India, and at times of financial stringency in the money market it will be a great relief to the Imperial Bank and the other big bankers of good status and standing. In addition, we shall be getting much higher rate of interest, certainly more than double of what we are getting in England. If I mistake not, that would mean according to my calculation an income of over two crores of rupees.

Then I find, Sir, that in presses and other industrial concerns, Government is beginning to interfere a good deal. Private enterprise ought to be encouraged, but I find that a great deal of money has been in this and in the past year provided for new machinery in Government Printing Presses. Sir, I would suggest that every effort should be made to encourage private enterprise. I presume, Sir, that the Government is going to appoint a Tariff Board and we shall all welcome that Board. In this connection I must say that India needs protection very badly. We see that our great industries as well as small industries are not doing as well as they ought to do. My friend the Honourable Mr. Lalubhai Samaldas has already put before the House that the greatest of our Indian enterprises, the Tata Iron and Steel Company, is in need of protection. Before the Ruhr trouble began the prices of imported continental steel were much cheaper than the Tata Company's Steel; and in those days the difference sometimes ranged between Rs. 20 and Rs. 25 a ton. Then take the case of the Scindia Steam Navigation Company or other shipping companies in which India's capital, as far as I understand, is over Rs. 10 crores. What do we find? We find that these Indian companies are being driven into liquidation by the British India Steam Navigation Company. In September 1921 when the Scindia Steam Navigation Company took up the Burma trade and when the British India Steam Navigation Company's ruling rate of freight was Rs. 20 per ton from Rangoon to Bombay, competition was started with the result that freights from Rangoon to Bombay were reduced to Rs. 9 per ton by European shipping companies, a rate which was far below the cost of working. Even the rate from Rangoon to Colombo was Rs. 9 a ton, while the rate of freight from Rangoon to Bombay was Rs. 6 a ton. In this connection I may point out that if our indigenous industries are not encouraged and supported, they will be driven into liquidation, and for another half a century or so nobody in India will be enterprising enough to start again such concerns.

THE HONOURABLE THE PRESIDENT: I would remind the Honourable Member that he is taking up more than his share of the time of the House.

THE HONOURABLE RAI BAHADUR LAL RAI SARAY DAS: Then again, I find that Lord Inchcape's Committee is proposing a reduction in agriculture, industry and in public works. In this connection I must

say that India is mostly an agricultural country, therefore expenditure required for the development of this most important industry should not be curtailed. Public health is not in a satisfactory state, and medical and sanitary relief in this country is very much behind time. We have many districts in the Punjab, where a single dispensary serves a radius of 20 or 30 miles, which cannot be considered adequate for the needs of a civilized country. Therefore, medical relief ought to be extended as much as possible, and no retrenchment made therein.

As regards the post office, Sir, I must say that this department ought not to be considered like the Railways a money-earning department. What do you find, Sir? In the Retrenchment Report we see the figures

In this important matter, Sir, I find that 2 per cent. of the *personnel* of the sorters in the Railway Mail Service is being reduced notwithstanding much heavy mails. That is not in the interests of the sound working of the R. M. S. post office which has lost a great deal in its efficiency, and I should like to draw the attention of the authorities to the fact that instead of reducing the number of sorters who are already overworked they should reduce two of the three Deputy Inspectors-General.

The HONOURABLE MR. V. G. KALE (Bombay: Non-Muhammadan): Sir, the outstanding feature of the Budget is a very intense desire on the part of the Honourable the Finance Member to balance the Budget. I am, Sir, reminded of the similar position in which India stood when the first Finance Member of the Government of India came out to this country in 1859. The Finance Member on that occasion had to face similarly persistent deficits; and the Public Debt was mounting up from year to year. He was confronted with the after-math of the Sepoy Mutiny as we are confronted with the after-effects of the war. Naturally, therefore, he felt keen anxiety to place the finances of the country upon a sound footing. My Honourable friend the Finance Member finds himself in a somewhat similar situation to-day. No doubt he has had an advantage over his distinguished predecessor in this that a Retrenchment Committee has already sat and recommended considerable reduction of expenditure. He has also had the advantage of very largely extended resources of the country and of the wider financial possibilities of the trade and industries of India. However, what is common to the two positions is the imperative necessity of immediately balancing the Budget. Now, Sir, this can be achieved either by additional taxation or by retrenchment or in both ways simultaneously. I want to point out that taxation for the last 6 or 7 years has had its innings and I wish that retrenchment were given its turn at the wicket and a fair chance. From 50 to 60 crores of additional taxation have been imposed during the last 7 years, and I think the position has been reached when further taxation even for equilibrating the finances will be undesirable. We are all thankful to the Retrenchment Committee for the cuts which it has proposed, and I feel that if it had more time to go into details, perhaps deeper cuts would have been recommended. I regret, Sir, that the Honourable the Finance Member does not appear to have been informed that this House pressed very strongly for the appointment of a Retrenchment Committee last year. I expected the Honourable the

Finance Secretary to have referred, the other day, to what this House did in initiating the question of the Retrenchment Committee. What did he do, last year, Sir? In reply to suggestions, he read out to us a list of items of expenditure, took them up one by one and said, "Item A—Is retrenchment practicable? No. Impracticable." Item B—Retrenchment undesirable. Item C—Retrenchment unthinkable." He went on in this manner to the end of the Chapter with the conclusion that though the Government was very anxious for retrenchment, though it was going to do everything possible to explore the possibilities of retrenchment, it was no use an outside body being appointed to pry into the expenditure of Government. And, after all, what has happened? It is an outside body which has now exerted its pressure upon the Government of India and the hands of Government have been forced to adopt immediately certain of its recommendations. No doubt, my Honourable friend pointed out the other day that the Government itself had introduced certain economies and certain items of retrenchment in anticipation of the recommendations of the Retrenchment Committee. But I doubt very seriously, Sir, if any substantial retrenchments would have been made by the Government of India if the Government had been left to itself. This has been the attitude of the

I P.M.

Government of India towards the question of retrenchment. I do not, therefore, suppose that retrenchment has been given a fair chance, and though we have been told that in the course of the next year it is impracticable that further reductions in expenditure could be made, the Government is not justified, even for the purposes of balancing the budget, to ask us to support additional taxation to the tune of 4 crores and a quarter.

What is the position of Government? It says, "We have tried our level best to equilibrate the income and expenditure. Nothing further is practicable. And there is a deficit. We are all anxious, as much as the Legislature must be anxious, to fill up the gap and to open a new era of balanced budgets and financial prosperity," and therefore the Honourable the Finance Member suggests that after having exhausted, to his own satisfaction, the possibilities of other taxes he proposes an additional salt tax. I do not propose to notice the various arguments which have been already adduced against the salt tax,—the argument of sentiment and the political argument. Even a Finance Member taking only a narrow view of his budget, has oftentimes to take into serious consideration the political effects of any measure he may propose, because in the long run it is calculated to react unfavourably upon his own finances. But apart from that, I would not support a salt tax on other grounds.

I maintain that the limits of taxation have been reached. There are so many taxing authorities in this country—I referred to this point of view last year and I reiterate it—there are three or four different taxing authorities in this country. They all go to the tax-payer and say, "Well, the tax I am proposing to exact from you is so insignificant." But the Government of India forgets that it is the pocket of the same tax-payer into which so many hands are put, and after all, that pocket is not over full with cash. You put together so many different taxes the people have to pay, and the burden, it will be seen, becomes

heavy. Especially in these times when we have provincial autonomy and when provinces have a very limited sphere of provincial taxation, whatever margin of taxable capacity there may still be in citizens, ought to be left to be exploited by the provincial Governments themselves, and the Central Government or the Federal Government ought to restrict itself severely to the resources that it already possesses and must try to make its both ends meet by the reduction of expenditure.

Some of my Honourable friends have already suggested certain ways of meeting the deficit. I shall not go into the various suggestions and justify them because I am prepared to go to the length of saying that I would rather have an unbalanced budget than give the Government of India 5 crores through the salt tax. As population has always a tendency to grow to the level of subsistence, Government expenditure has an unfailing tendency to grow to the level of taxation, and the only stimulus that the Government has to-day for bringing about retrenchment will be removed if we support the increase of salt duty. I feel certain that if the Government puts its mind seriously to the problem of making further retrenchment, it will be possible for it to bring about the equilibrium between revenue and expenditure which all of us so much desire. My Honourable friend Sir Arthur Froom said that he was consistent in supporting the salt tax. May I say that I am equally consistent in opposing it? There is one further matter, Sir, to which I would refer and it is the question concerning railway finance. So much has been already said about railway management, railway finance and the separation of the railway budget from the general budget of the country. I wish only to point out on this occasion that the most careful scrutiny will have to be exercised in connection with our railway finance. I am afraid it was in a fit of generosity that the Assembly allowed 150 crores to be spent in the course of five years on Railways. We have in this House my Right Honourable friend who was a Member of the Railway Committee. I wish to say nothing against the recommendations made by that committee but the criticisms of the railway policy of the Government of India have now come from the Retrenchment Committee itself, one member of which committee at any rate was also a Member of the Railway Committee, and this Retrenchment Committee states that there are certain items of expenditure with regard to which we have to be very cautious. It appears to me, Sir, that we are going headlong with our Railway working expenses. Twelve crores are being spent upon renewals and the Committee points out that very great care has to be taken in spending these large amounts. I am also doubtful whether it will be practicable for the Railways usefully to spend the 30 crores which are allotted to them from year to year. I wish it were possible to have a sort of a financial committee to look into these matters. I appreciate the desire of many of my Honourable friends who do not like the interference of the Finance Department in the affairs of railways. They do not want the control of the Finance Department but I do not think they ought to object to financial control, though they may not like the control of the Finance Department. Some sort of financial control of this nature is essential if our railway property is really to yield us the revenue that we want. On behalf of the tax-payers, I strongly urge that unless the Government of India take timely measures

to see to it that our railways are worked economically and yield to the public what the Retrenchment Committee proposes the railways ought to yield, I think there is no hope for the improvement of the finances of India in the near future. One word, Sir, about what has already been said concerning the annuities and sinking fund. I do not understand how this sinking fund and these annuities can in any way be compared to the ordinary sinking funds which are set aside by Governments and are so very desirable. My Honourable friend opposite knows as much as I do the story of the sinking fund in England of over 100 years ago. He knows what absurdities were practised in the name of that sinking fund when in times of huge deficits money was borrowed to be put into sinking fund; money was borrowed at high rates of interest in order that the sinking fund might grow, the idea entertained being that there was some sort of magic in a sinking fund which automatically increased from year to year and would wipe out the whole public debt. Something of that nature, Sir, is happening in connection with these annuities and sinking funds. Now, these sinking funds and annuities are provided for paying off the railway capital. We have an asset in the railways against the liabilities. I do not see then, why it is necessary to liquidate the capital in this fashion and why money should be taken out of revenue for the purpose. I can understand an ordinary sinking fund set aside from year to year in our budget; but to take away even in times of deficits 2½ crores of rupees a year in order to liquidate capital invested in such a business as the railways, is a curious procedure and it really passes my understanding why the Government should be opposed to taking that money in times of deficit to revenue, a measure which has been very strongly recommended.

I will close, Sir, with only one observation and it is this. This proposed increase in the salt duty is a kind of apple of discord which has been thrown by the Government of India in the midst of the Members of the Legislature. A vague sort of assurance has been given that if by means of this increased salt duty the Government of India is able to balance its budget, then it will be possible for it to take into its favourable consideration the question of reducing and remitting the provincial contributions. I hope that Honourable Members in this House will understand that no remission of contributions is going to be made in any case in the next year, and that this increased salt duty is not in any way going to relieve the stringency that is felt at the present moment by the provinces. I hope also that the representatives of the various classes in this House and elsewhere will not nullify their criticisms of the Government budget by some proposing a reduction in the income-tax or the customs and by others supporting or opposing any addition to the salt duty. But I think we must all be united in asking the Government to see to it that the fullest scope is given to retrenchment before we are asked to support a duty like that on salt.

THE HONOURABLE SIE DINSHAW WACHA (Bombay: Nominated Non-Official): Sir, I think it is some source of satisfaction to the country that the financial barque of the State has weathered the storm and the stress of the heavy seas that overtook her for the last few years and is now in sight of a safe harbour. I do hope, and sincerely hope—as it is also the hope of the country—that next year may see the barque in a

haven of safety, and not only a haven of safety, but one of such safety as would gladden the hearts of the tax-payers. Having said so much, Sir, I must, of course, pay my tribute of praise to the very talented mariners who navigated this barge through the troublous times, particularly the Retrenchment Committee and the Departmental Committee at the head of which was our Financial Secretary. I think we must not forget that, in the first place, it is the labours of the Departmental Committee that facilitated the work of the Retrenchment Committee. It is also a source of considerable satisfaction that the Retrenchment Committee had a distinguished Chairman in Lord Inchcape, who was also a distinguished member of the Geddes Committee, and also other business men of experience as members, who have been able to produce a total retrenchment of 18½ crores. Next, I have to pay my tribute of praise, as others have done in this place, to our excellent Commander-in-Chief. I must say that he has, after all, climbed down from his lofty attitude of *non possumus* and done some good. Sincerely do I say that the Commander-in-Chief has rendered a service albeit that after all he is a War Office man. He fought strong against us as long as his force of resistance could go and stood out till he could no longer stand.

Lastly, Sir, I think the House ought to thank my Honourable friend Mr. Kale for having been the first to suggest a Committee of Retrenchment last year. Members on the front benches often seem to think that we are all babies and they are all talented people who know everything. They seem to think that we non-officials are nobodies, and that we are incapable of suggesting anything. Sir, I assure you that we *can* make any number of valuable suggestions if time, leisure, and other necessary information were given to us—information which the departments themselves have got before them. Practically speaking, Sir, on a budget day, we can speak for hours and never finish; but somehow or other the reformed constitution is such that we cannot speak for more than thirty minutes save on sufferance. How can you expect on a heavy budget of this character, that each should finish his speech in thirty minutes only? How can we enlighten the Government and indicate to them the diverse directions in which further curtailment of expenditure might be effected if we are not given that adequate time to express our opinions and sentiments on the subject? However, this is a matter quite apart from the main question, but I do think that it is necessary that the Government should consider well whether in future fairly reasonable time should not be given to Members of both the Houses to speak fairly on the Budget and to express their sentiments in such a way so as to impress upon Government Members the necessity of taking action in the direction indicated by the non-official Members.

Having said so much, Sir, I may say that I am not going to elaborate all the points but, I think I should congratulate the Honourable the Finance Member, Sir Basil Blackett, for the very lucid Financial Statement that he has put before us. It is not only lucid, but I would go further and say that it is an admirable effort at what you call crystallization and compression of facts and figures. We have had before very many able Finance Ministers, but owing to other circumstances their facts and figures were a little diffused. But I am glad to say that our present Finance Minister has put forward a Financial State-

ment in the form of Liebig's Extract of Meat—I think we have all drunk Liebig's Extract and fully digested it.

Now, Sir, as far as the question of military expenditure is concerned, I shall say nothing more than this from my fifty years' experience, namely, that military expenditure, however, reduced for a time has subsequently increased by leaps and bounds. Somehow or other no brake has ever been applied to the Military Rake. No strong brake has ever been put upon military expenditure. That is the reason why year after year it jumps up and mounts and mounts; and that is the reason why it has now gone up to 67 crores. Now, Sir, in order to control the military expenditure in future, even if we come to a certain limit, we must have a strong controlling authority, an independent authority, like the Parliamentary Control Committees in England. Honourable Members who have read the papers will have known what these Parliamentary Control Committees have done. There have been a number of leakages which the Auditors have revealed to the public gaze. There have been enormous leakages—where have they come from? I am quite sure that, if there be any big leakages in the future, a Control Committee would find out at once and stop them. Therefore, Sir, one of the important administrative reforms which the Government of India should initiate is the appointment of a strong Controlling Committee of a permanent character which should control expenditure, both civil and military, so that any leakages and mistakes may be found out betimes and corrected. As a matter of fact, in my letter addressed to the Inchcape Committee, I have referred to the strict control which is necessary in order to prevent expenditure outrunning revenue. It is an unsound system of finance to allow expenditure to outrun revenue. No civilized country which considers its finances as the backbone of its prosperity should allow

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expenditure to run apace as the Indian expenditure has been for years. But that is exactly the thing that has been going on in the Government of India for several years and I regret to have to say it, notwithstanding that very able Finance Ministers have been in charge of the Department before—such as my friend the late Sir William Meyer, Lord Meston and others. What is wanted in that respect is that the Government of India should apply a very tight brake; and I repeat that that brake can only be put by an independent committee of control who should see that the expenditure was not allowed to over-run the income. There is also one other observation that I want to make about military expenditure. As my friend Mr. Sukhbir Sinha pointed out, I spoke the other day on the amalgamation scheme. I do say again, and most emphatically and vigorously, that the amalgamation scheme of 1859 is the root cause of the larger and larger military expenditure for years together. The scheme is there; the Amalgamation Act is there. It may be that our present Commander-in-Chief might do us a great deal of good. But a new Commander-in-Chief might come and the War Office may command him to do this, that and the other. It may direct him to adopt an organisation which may not be within the capacity of India. What should be done then? As I observed the other day to His Excellency the Commander-in-Chief, that although I may be defeated here once, although I may be defeated here twice, when the third time comes I will

succeed and see that the amalgamation scheme is repealed, because that is at the root of the whole of the present burdensome military expenditure. Otherwise you will find yourself faced with even a bigger deficit within the next few years. A single large item may be insisted upon, say further addition to the soldier's pay or something else demanding half a million pounds *plus* exchange. Where shall we be? The revenue is inelastic. I am afraid our revenue will remain even more inelastic in the future, if you have rank protection, or a high protective tariff. I condemn this new fangled protection which is sought to be introduced and the recommendations of the Fiscal Commission in this public place. I am a free trader. I am a convinced free trader and I say that the recommendations of the Fiscal Commission will do much more harm than good to the country, and the country will never prosper. The country greatly prospered while there was free trade between 1882 and 1896. After that year the country has become slowly protective. Therefore, Sir, all these other administrative precautions have to be taken in order to see that in future our expenditure does not overrun the income. What is now wanted is a Committee for examining the existing taxes and revenue. There are varieties of taxes prevailing and the time has come when a Minister like Sir Basil Blackett, who has been connected with English finances for a long time, and who has made his mark, ought to enforce clear principles of taxation on the basis of which India should be taxed in the future. What we want is fewer items of taxation but of a productive character, that is, of such a character that it may go on expanding and expanding. What is the use of having 15 per cent. on this and 30 per cent. on that? Really what happens is this. As far as customs duties are concerned, what has happened is that instead of having a larger revenue from a larger duty, we have got practically next to nothing by way of additional grist. The law of diminishing returns should be taken into account. The higher you mount up duty the lower will be its yield. And if your revenue falls off, where are you. Therefore, Sir, I consider that the duties should be reduced with a view to stimulating and encouraging trade. If owing to a heavier income-tax and other burdensome duties trade is crippled, where will you get the needed funds for carrying on the administration. Let the whole House remember this, that it is the trades, industries and manufactures which bring grists to the State mills and the Treasury. Therefore, I say, develop your trades and develop your industries. But how are you to develop these? If you impose heavy taxes, capital is crippled, and with little or no capital nothing can be done. If trade declines, the revenue declines and the Finance Minister of the future will be at his wit's end what to do and they will all go wool-gathering. (Laughter.) I am sure of it. You may laugh if you please. I am an old man verging on eighty. I may die to-morrow, but you will remember my words. If we want that trade, commerce and industry should flourish we should reduce our taxes and duties so much that the country may go forward with larger savings as capital. But there should be no protection. I think Indian prosperity in the future will lie more and more in free trade rather than in protection.

The only other remark that remains for me to make is in reference to the proposed enhancement of the salt duty—I do not want to take

up the time of the House, and shall therefore be brief. Everything has gone right and I do hope and sincerely hope—though I am not sanguine—that, possibly, Sir Basil Blackett will be in a position next year to bring about a surplus. There are many reductions still to be made, there are many recommendations of the Retrenchment Committee still to be adopted, and if they are adopted during the course of the year, that may bring us financial prosperity provided we have a good monsoon and our harvests turn out good. Indian finances will then be in a sound and healthy condition. But in the meantime we have got this deficit to cover of $4\frac{1}{2}$ crores. The Honourable the Finance Member says that he has considered and considered what may be the possible source of taxation to meet it. I can understand his solicitude to balance expenditure. He is perfectly right there. We have to take two things into consideration, the ability of the tax-payer and what should be our further sources of taxation. The salt tax is no doubt a good tax, but I will ask the House to recall the words of that very wise Finance Member who flourished some 40 years ago, I mean Sir Evelyn Baring, afterwards Lord Cromer. It was he who, really speaking, established free trade in India. It was he who actually reduced the salt duty from Rs. 2-8-0 to Rs. 2 per maund. At that time it was only a difference of half a rupee, but there were already people who objected to that modest reduction such as the Bengal Chamber of Commerce and others who are rather a very selfish class, a class I should say who looked more to their own interests than to the interests of the country. (*The Honourable Sir Arthur Froom*: “I am not from Bengal.”) You are from Bombay Chamber of Commerce, six of the one and half a dozen of the other. Well, Sir, I do say that Lord Cromer when he was criticised for having foregone that half a rupee, he gave a very good reply which I think is equally pertinent to-day. He said that half a rupee for a poor man with an income of Rs. 27 or 30 a year was a great thing. He could buy a piece of cloth or a loti. Now, Sir, half a rupee saving is a great thing to the poorest. But when Rs. 1-4-0 duty is put on salt what happens? Look at the effect on the poorest class of people. They may be better off now, but you must remember that although their wages have increased, the cost of living has also increased, and if you take the one with the other you will find that a poor man is not so very well off as some people imagine. I say, if we are to increase the duty on salt let us anticipate what will be its effects? In the first place, there will be a diminution in the consumption of salt. That has been the experience every time the salt duty has been increased. The Honourable the Finance Member will look into the old records and will find it for himself how far my statement is correct. What happens? Consumption goes down from $12\frac{1}{2}$ to 10 lbs. a year for a family of four. The family suffers. The vitality of the family becomes lower. After all, salt is a necessary of life, and if such a heavy duty as Rs. 2½ on salt is imposed the poor really economise even in their daily pinch of salt. It means in the end that their vitality is lowered. Do you expect that with the vitality so low the poor man will live long? Look at the vital statistics. What do they show? Even to-day the mortality is somewhere about 35 per thousand. Not only does humanity suffer, but even the cattle suffer. Every time that the salt duty has been increased, various people, collectors and others, have said

that our cattle are dying, and dying for what? For want of the necessary salt. That is the position. Are you going to allow the cattle to die by thousands and thousands as they did before? That will be a very serious affair to the whole of the human society in India and I ask the Finance Minister to pause and consider what may be the effect of this duty on salt on the poorest classes of the population. Remember also that this additional duty of Rs. 1-4-0 a maund means this. Between the profits of the producer and the profits of the retailer there are the profits of the intermediaries and when the last retailer sells his salt to the consumer, the consumer will have to pay very much more than annas three. Remember also that although the rich and the well-to-do can afford it the poor cannot. There are besides what are called Imperial taxation, provincial taxation and local taxation. Consider the combined burdens of this triangular taxation on the poor people. There are not yet sufficient hospitals and dispensaries in the country and there are not doctors enough and thus the poor die like flies. Are you going to bring about this deteriorated condition of health to the poor by increasing the salt duty. Please mark my word. I speak from experience of similar evils that have resulted in the past from the effects of a heavy salt duty and I say that this will be the result once more and it will not redound to the credit of the Government. Therefore, Sir, I do say that it may be wrong in principle to leave the deficit unbalanced, yet in the circumstances it is better to leave the deficits unbalanced. But it can be balanced by other ways and means. For instance, the Civil Works are there. There are a large number of civil and military works costing crores of rupees which are all debited to revenue. Now, I have been fighting against this sort of book-keeping for years and years and only the other day in the letter on retrenchment I addressed to the Incheape Committee I observed that military and civil works beyond Rs. 10,000 ought never to be debited to revenue. They ought to be debited to capital account. Irrigation, Railways, all these are public works in the same way as military works. They are meant not only for the present generation but also for posterity. Why should we be penalised and posterity allowed to escape their just burden? Every year crores and crores of rupees are debited to revenue account for military works and civil works. That ought not to be. I wish to draw the attention of the Finance Member to this subject with a view to eliminating these items from the revenue budget. For instance, in the Budget before the House I find that at least 1·96 crore rupees are included on account of military works which ought to go to capital. I challenge the best twelve economists in London to say whether I am right or wrong in my contention. It is wrong, I repeat, to debit this 1·96 crores to revenue and burden the tax-payer. Why should you do so. In the same way if civil works to the extent of nearly a crore are debited, which should properly go to capital account, 3 crores will thus disappear. The revenue will be relieved to that extent. Then we can, of course, leave the one crore alone and I am quite sure that with the movements of a better foreign and inland trade the revenue accounts for the current official year will show no deficit even of this unbalanced one crore. Then I say that it is a comfort to know that this Budget is a vast improvement on the old and, given good times and a good harvest next year, we may see our

accounts balanced and even there may be perhaps a surplus. Still the one thing that remains to be done for which the Government of India ought to take full responsibility is to control expenditure. In the first instance put your book-keeping on a sounder basis. The present form of presenting the Budget and the method of preparing the estimates are vicious. The method has gone on for years and I do not know how long it may still be continued. Here we have got a new broom. I hope it will sweep well and sweep away all old and obsolete methods so that the next year's Budget may be a radical improvement on the present one. Having said so much, I do believe that all will congratulate the Government on having responded to the call of public opinion, anyhow enlightened and well informed, not ignorant and ill-informed public opinion, while the tax-payers will be gratified and the future financial barque of the State will sail smoothly. I earnestly trust and hope that the suggestions I have presently made will be firmly borne in mind. With these remarks, Sir, I beg to take my seat and I congratulate the Finance Minister and the Finance Secretary both on their very good budget under the present circumstances of finance.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, before referring to the military expenditure as envisaged in the budget, there are one or two points that have been raised by Honourable Members here to-day to which I should like to reply. The military expenditure has not been subjected this year to the same virulence in attack that it suffered from last year. But at the same time I have observed both in this House and in another place that there has been a certain amount of sniping, and I should like to refer at once to the points which have been singled out for attack. The point that was made by one Honourable Member, as in another place, is the remark in the Inchcape Committee's report with regard to the economy which they recommend in reference to the building of barracks for Indian troops. It is one, I need scarcely say, which has my entire sympathy. I may perhaps mention that I only accepted it with the very greatest reluctance. At the same time, Honourable Members will notice that in one paragraph of the Committee's report I am given a certain latitude for adjusting the savings that may possibly accrue from force of circumstances during the year as I may think fit. That particular item in reference to barracks for Indian soldiers will receive my very sincere and favourable attention.

Another point raised by Mr. Lalubhai Samaldas had reference to Indianization and the appointment of Indian officers with King's Commissions to the Indian Army. I thought I had made it clear in the statement which I made to the House on the subject, but to prevent there being any misunderstanding let me make it quite clear now that the Indianization of the eight units which will take place gradually by the appointment of junior officers to those eight units will in no way interfere with the progress of young Indians passing through Dehra Dun and Sandhurst for appointments to other units of the Indian army besides those eight units.

Another Honourable Member has referred to the eventual reduction of military expenditure to 50 crores. He will have observed no doubt in reading the report of the Inchcape Committee that that particular item did not receive the approval of the Commander-in-Chief, and per-

haps he did not observe at the same time that that reduction to 50 crores was dependent upon a fall in prices. Now a fall in prices must be such a fall that it is almost inconceivable that it can attain a magnitude of something like 10 crores of rupees. Therefore I could not give my consent or approval to any such very large reduction as that, particularly as it would inevitably effect further reduction in fighting troops, for a reduction of such magnitude could not be effected by a fall in prices alone.

Another Honourable Member has referred to the administrative services and to the increase that has taken place at the present time in the expenses of those services compared to what they were in 1913-14. That increase I must admit. It is consequent upon,—well, I would almost say—the higher standard of living which is demanded by all of us since the war. It was one of the increases that the war has brought about, and particularly in the soldier; it is just the same in all countries in the world. Since the war, it has been necessary to provide the soldiers practically of all countries with a higher standard both in the shape of comfort, in food, in clothing in arms, in everything else than was the case before the war, and it is largely owing to that that there is an increase in the military expenditure of all countries since the Armistice. Two Honourable Members referred to what was discussed in this House not very long ago in connection with the Army Amalgamation scheme of 1859. Well, I do not know that I have anything further to say on the subject, but I would point out that the suggestion which had been made by two Honourable Members in this House, namely, that that scheme is going to bring to us the benefits which they think it will, and which I have myself always disputed, was similarly disputed by an Honourable Member in another place only yesterday—an Honourable Member who had probably better facilities of knowing and studying the real and true facts of the case, than any other non-official Member for he has been a member of the Military Requirements Committee which sat at Simla 18 months ago. Now the tale of the military estimates this year is a simple one; it is written plainly on the pages of Lord Incheape's, Retrenchment Committee's Report on which the estimates are really based and with the contents of which no doubt Honourable Members of this Council are already fully acquainted. Perhaps, however, the Council will permit me to give at the outset of these remarks a short retrospect of the outstanding events in the administration of the Army in India during the past two years. The internal situation, when I came to India, was far from satisfactory. While active hostilities were in progress in Waziristan, the internal situation also continued to give the Government and their military advisers cause for anxiety. At the same time on the domestic side of the army administration the active re-organization of the Indian Army in the light of the lessons of the Great War was in full progress. The Report of Lord Esher's Committee had been published, and many important issues arising out of the recommendations of that Committee had to be considered and adjudicated on by the Government. The difficulties of the situation did not disappear for some time. In fact our troubles were augmented in 1921 by the outbreak of the Moplah rebellion and by the threat of serious internal disturbances in various parts of India. While I was sensible from the

beginning that the cost of the military services in India was disproportionate when viewed with reference to the revenues of the country, it was impossible for me, while these adverse conditions prevailed, to advise any substantial reduction in that military expenditure. Certain minor economies were of course feasible, and I had no hesitation in pruning the military estimates where this could be done without prejudicing the safety of India. The Council will recollect, however, that I have always made it plain that no large reduction could be effected unless the actual number of fighting troops were reduced. On previous occasions when the matter was at issue I have stated frankly and openly my opinion, that we were not then justified in making any reductions in fighting troops. Since that time, I am glad to say, the skies have cleared and the brighter outlook has enabled me to adopt an attitude which permits of larger economies. The past year has on the whole been a year of greater peace, a year too in which the re-organization of the Indian Army has been further consolidated and the reorganized Indian Army has recovered from the inroads of war and made substantial progress towards the restoration of that high standard of efficiency which for years has been one of the proudest traditions of the military forces of the Indian Empire. In these more favourable conditions it has been possible for myself and my Staff Officers to turn our thoughts, towards the possibility of effecting economies and retrenchment of a kind which would relieve the very serious financial situation into which the country has drifted. We had domestic inquiries of our own into these matters and the inquiries culminated in the investigation of the military expenditure concluding by Lord Incheape in his Retrenchment Committee, with whose efforts in the field of military retrenchment I have associated myself throughout. As Honourable Members of this Council are aware, it has been found possible as a result to frame a programme of reduction in military expenditure to which I have been able to give my concurrence. The retrenchments are real and substantial. They extend practically to every Department of the defence services. In the line-items of the recommendations will be found a very considerable reduction in the fighting troops, both British and Indian. It will be realized that the reductions in the fighting troops are large and very much more than I could have contemplated with equanimity a year ago. I cannot assure this Council even now that if these reductions are given effect, we shall not be incurring some degree of risk, but as I said yesterday in another place, the time comes when risks must be taken and the risk which is involved in accepting the proposals the Retrenchment Committee have recommended and which I myself have approved is one which, I think, the Government will be justified in accepting in view of the financial disaster which in the opinion of all would ensue if this Budget is not balanced. I will not take the Council into the details of the various reductions which it is proposed to make, but I may say that His Majesty's Government have already agreed to the reduction of the strength of the British Infantry. The case of the other British branches is still under consideration. I have always been glad to be able to cooperate in relieving the difficulties of the administration of India, when I do so without falling in the least into what I owe to the Government and to the people of India, the duty of securing that adequate military

provision is made for the maintenance of law and order in India and for the protection of India against external aggression.

There is one other point which in conclusion I should like to bring to the notice of the Council, and it is this. In advising the Retrenchment Committee and in advising Government, I have had one main object in view, namely, to direct the reductions in such a way as to secure the maximum of economy consistent with preserving unimpaired the essential features of the organization of the Indian Army. I believe myself that if and when the reductions contemplated are carried out, the capacity of the Army in India will necessarily be more limited than it is at present, but will still remain an efficient and scientifically organised fighting machine. In my attempts to achieve this object, I must acknowledge that I have received the fullest sympathy, consideration and assistance from Lord Inchcape and his Committee, who, if I may be permitted to say so, tempered their desire for retrenchment with a just sense of the paramount necessity of preserving the safety of India.

There is only one other major problem of the year concerning the military administration to which I desire to refer, that is the settlement of our relations with the Frontier Tribes of Waziristan. And here, again, I am glad to say, the policy which the Government have been pursuing, in the face of which much adverse criticism has been made, shows signs before long of achieving success. The recent military operations have been admirably carried out and the test of what I say is to be found in the fact that most of the hostile tribes have recently made overtures for peace. This is satisfactory as far as it goes, but we shall continue to prosecute our policy with vigour and determination, and unless some untoward or wholly unforeseen development should occur, we shall be able to withdraw our military forces during the coming autumn. Our aim is to consolidate the military result of the operations of the past three years and to leave the control of the country in the hands of our frontier political officers, and thus effect a very considerable reduction in the financial commitments in Waziristan.

THE HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, I came up to-day to this House with a sense that it was a great privilege to be allowed thus to come among the elder statesmen. At the same time I came up with a certain amount of trepidation as I was warned, even before Mr. Lalubhai Samaldas spoke, that I was expected to face the music. But, Sir, although the poet says that heard melodies are sweet and those unheard are sweeter, I have faced the music to-day and I confess I have enjoyed it. There has been nothing but kindness for me personally and there has been a great deal more support for the little addition to taxation which appears as one of the budget proposals than there seemed at any rate to be in another place. I have not got the score totalled up exactly, but of those who have spoken, certainly not more than one-half have opposed the tax in its entirety. Some have said that they are still waiting in hopes either of being convinced of its absolute necessity or of some promise that will make it a little more palatable; and everybody, I think, with the exception of my friend Professor Kale, has done, as in the other House, at any rate lip service to the necessity of balancing the budget. Professor

Kale enjoys the distinction, or perhaps I should say is the sole one who is marked with the mark of the beast, of having boldly suggested that the deficit should be left uncovered rather than that a salt tax should be imposed.

The position this year is really not the same as it was last year. Last year the House opposed to the proposals of the Government a firm demand for reduction of expenditure. They did not say that the budget ought not to be balanced, but they said that the country could not afford the expenditure and they refused to vote some of the taxes that were proposed in order to put pressure upon the Government to reduce expenditure. I do not wish to say that it was possible for the Government to reduce expenditure last year. The position is different from what it is to-day. As His Excellency the Commander-in-Chief has said, there were considerations which made it easier for him to agree to reduction of the army this year than last year. But this year the position is different. We have made very drastic reductions in expenditure. I think that it is recognized on all sides that the Government has made an honest and in some respects an heroic effort to reduce expenditure.

THE HONOURABLE MR. LALUBHAI SAMALDAS: Not heroic.

THE HONOURABLE SIR BASIL BLACKETT: Judging by some of the criticisms that were levelled against particular recommendations for reduction made by the Retrenchment Committee, it is impossible for us to feel quite sure that all the reductions which we propose and which are assumed to be in force in the estimates will actually take effect. If they do not, what becomes of the charge that our estimates of expenditure are capable of reduction? The position is not therefore the same as it was a year ago, and this is I think the answer to more than one Member who said that he had voted against the salt tax last year and must vote against it this year because there was no real change in the situation. Consistency is not always a very great virtue, but I would claim that the consistent thing to do this year for those who voted against the salt tax last year, in order to secure a reduction of expenditure, is to vote for it this year, in order to complete a very good work. Full reductions of expenditure have been made; the estimates assume all possible reduction. It was said, 'why should we not go on for another six months and then reach the position, where we could see whether we could effect our reductions in full'? If we wanted to get our figures for 1923-24 lower than at present, we should have to make additional cuts over and above the cuts made by the Retrenchment Committee, that is, if we want to secure that, our estimates of expenditure for 1923-24 should be reduced. Those estimates assume that all the reductions proposed by the Retrenchment Committee, or other reductions equivalent thereto, will be put into effect with the least possible delay. I know the House would like to have details of figures. Now that is obviously one of the difficulties under which we are all labouring this year. It was a difficult thing for the Government to prepare and present this Budget on the 1st of March; it is a little difficult for the Legislature on the 5th, 6th and 7th of March to be engaged in a general discussion of the Budget when they have scarcely had time even to read through the voluminous volumes which were put into their

hands for a week-end amusement. We have not yet circulated the Demand Grants in their final form, and we have not yet distributed over the various heads one crore out of the four crores special cut which is to be found by cuts in the civil expenditure other than the railways. But I can give the House just a few figures which will give an inkling of the position. When we received the first report of the Retrenchment Committee, the total reductions recommended by that Committee as compared with the 1922-23 Budget, amounted to—I may be out by a lakh or two—230 lakhs under these particular heads. We examined the estimates carefully and we found that 126 lakhs of those reductions were already included in our Budget estimates as they stood at that moment. That left 104 lakhs of the special reductions recommended by the Retrenchment Committee. We went through each item and considered what would be the earliest date—assuming a decision had been taken then and there—on which those reductions would come into force, and we came to the conclusion that something between 60 and 70 lakhs was the maximum that we could secure during 1923-24,—and our estimates were based on the assumption that we would secure something between 60 and 70 lakhs out of those particular heads. That will show the House that we have taken—as I said, speaking in another place—we have taken some risks in presenting our Budget figures on the basis of those hopes which are not yet realized. I can assure the House that the Government of India has every intention that they shall be realised if it is physically possible to do so, but at the same time that is the position. We have assumed for purposes of our budget figures next year, the lowest possible figures on the expenditure side. If, therefore, the deficit of $4\frac{1}{2}$ crores is to be covered, it must be covered by other means than reduction of expenditure during 1923-24. A wag told me the other day that some of the reductions were reductions *ad absurdum*, and of course it is perfectly true if you go too far, that is what happens. But I am not prepared to endorse that view or to say that all the reductions that are possible for all time have been made or that the figures for 1924-25 expenditure will not show further reductions. Wherever it is possible to find any expenditure which I can induce the majority of those responsible to regard as unnecessary, it will not occur in the estimates; but for 1923-24 we have reduced expenditure to the minimum. The alternatives, therefore, for covering the deficit of $4\frac{1}{2}$ crores are faking the figures and increase of taxation. Those are the two alternatives, faking the figures of expenditure or revenue and increase of taxation. I was very sorry to hear both Professor Kale and Sir Dinshaw Wacha lend the support of their great authority to a suggestion for what I honestly regard as faking the figures in regard to our expenditure. It is very easy to say that this is Capital expenditure, and therefore is not chargeable to Revenue. If you charge it to Capital, what is the difference between that and a deficit? If you spend a crore on a new building, or a new unproductive project, at the end of the year you have, it is true, the asset worth presumably a crore. You have the enjoyment of spending 5 lakhs during the year on keeping it up. You have no income from it. You also have to pay 5 or 6 lakhs a year for interest on borrowed money. You add to your unproductive debt. The legal arguments as to whether a thing is Capital or Revenue from the point of view of the State quickly lead you to rather

curious conclusions and undoubtedly increase your debt at a very rapid pace. I ventured in another place in my Budget Speech to compare the position of the State which had continued deficits to that of an individual who continuously overspent his income. The State has a deficit just as much if it puts up a large number of unproductive buildings and charges them to Capital as if it is charging them to Revenue and has a big deficit. It is asked why should we not make the tax-payer of the future bear a little of this burden. What, people ask, has posterity done for us that we should do that for them? What have we done for posterity? We have given them 100 crores of deficits as the result of the last five years. I think it is nearly enough for posterity without adding a little more. I agree with Sir Dinshaw Wacha, that it would be possible to improve some of the forms of our accounts, but my impression is that if I were let loose on them, the deficit would be greater rather than less, because there are some items which I regard as very doubtful items charged to Capital. There is no proper provision for a reasonable sinking fund. There are certain sinking funds, but there are not, I think, sufficient; and in a few weeks one of the problems that I am looking forward to dealing with when we have got this Budget balanced is the general form of the account, provision of a proper sinking fund and another subject, on which a good deal was mentioned to-day, the production of real commercial accounts for our commercial departments. I think that is a matter of very great importance. In regard to Posts and Telegraphs I understand that a firm of Chartered Accountants have very nearly completed their report, so that by this time next year I hope we shall be able to have real commercial accounts for the Posts and Telegraph Departments, and similar efforts are being made in regard to the railways. But to come back to the point from which I started. I do hope that I shall hear no more of demands that the accounts should be so faked (I will repeat the word, for that is what I regard it as) as to turn the deficit into a surplus. The other method of faking a surplus is to increase our revenues. Revenue figures are always very difficult figures to forecast. We have been through our revenue figures with a fine-tooth comb; we have tried very hard to be as optimistic as it was reasonable to be. We were very anxious not to subject ourselves to the charge of being unduly cautious in our revenue estimates and we have not been unduly cautious. We foresaw that if we were open to a charge of being unduly cautious in our revenue estimates, our request for additional taxation would be quite rightly regarded with suspicion. But our revenue estimates are, I am afraid, on the optimistic side if the law of averages works and we get a poor monsoon this year. If it does not, we have every hope that they will be realised, but they are not unduly pessimistic. That being so, we are driven back to this problem of how to cover a deficit of 4½ crores. The first speaker to-day, Colonel Sir Umar Hyat Khan, said that the salt tax was justified at the present moment on the ground that all prices had recently fallen. Of course it is not pleasant when a man has got the benefit of a fall in prices that a little bit should be taken away from him, but that is really a very sound argument. Especially if you turn it in another form it is equally sound. The results of the deficits in so far as they have led to taxation and inflation have been to put up prices, and a very small in-

crease in food prices generally would have the effect of adding a great deal more than the three annas per head per annum which the salt-tax put on to the cost of living for the very poor. That three annas per head per annum raised out of salt is, we are convinced, economically the least objectionable form of raising this taxation. Various alternatives have been suggested to-day. Most of them had already been fully discussed by the Government of India before we came before the Legislature, and we have been considering all of them with very great care since, but the curious thing about them all, or nearly all of them, is that they impose a charge of a great deal more than three annas per head on the poor per annum without bringing in anything like the same amount of money to the Government. There is not the least doubt that an increase in the cotton excise duty or the cotton import duties, which would bring us in much less than the salt tax, would cost an average poor man's household more. The same is true of the tax on sugar that was suggested. It also would not bring us in the money that we are asking for. I am not quite sure what would be the effect of the suggestion that we should double the duty on iron and steel. Our difficulty in regard to that is that, in accordance with the recommendation of the Tariff Commission, it has been agreed that a Tariff Board should be appointed, and the recommendation of the Tariff Commission itself was that the Board should first of all examine the subject. We must not therefore rush in and impose a duty and then ask the Tariff Board to examine whether it ought to be there. (*The Honourable Mr. Lalubhai Samaldas*: "This would be a revenue duty and not a protection duty.") The main criticism that the Tariff Commission made of our existing duties was that they were revenue duties imposed unscientifically, and we do not want to do anything more unscientific until the Tariff Board tell us what is scientific. I am not sure that an effect of protection in India would be to bring in all the revenue that was suggested. That is one objection. The time may come when the Honourable Mr. Lalubhai Samaldas will see all the protective duties imposed that the Honourable Sir Dinsshaw Wacha does not want to see. I am not sure how the Finance Member of the day will be able to satisfy this House or anybody else as regards his revenue estimates in the years of that period. I do not think the suggestion could be seriously made that this year we should get on with protection and thus bring in money which would cover our deficit.

I should like for a moment to refer to one or two of the other subjects that have been raised. With perhaps a little bit of inconsistency, after saying that the deficit must be covered and opposing the salt tax, more than one Honourable Member has suggested that he or somebody else was very much disappointed that we have not reduced the tax on motor cars, or have not reduced the income-tax or have not reduced other taxes. I have been accused of justifying the motor car tax and of calling it a luxury tax. I decline to agree that I have done either of those two things. I described the tax on motor cars as being one of the so-called luxury taxes; I did not justify it. What I said is that our conclusion was that the time had not yet come for reconsidering the Schedule of 30 per cent. duty, because obviously that time can only come when we have a little revenue to spare, unless in regard to one particular tax therein we are convinced that it is so injurious that it will be better to reduce it

and lose revenue rather than continue it. The curious thing is that even the one little bit of reduction of tax in our budget for this year has produced quite a large number of telegrams of protest. On strong representations made to us by representatives of trade and industry, the Commerce Department came to the conclusion that the export duty on hides and skins was doing serious damage to the trade. Much as we want revenue, we came to the conclusion that we had better get the revenue we need by reducing it rather than continue it and kill both the trade and the revenue. But none the less as I say, considerable opposition has been voiced from certain quarters even to this reduction. So true is it that the Finance Member can get no complete agreement from anywhere.

I should like to refer to a few other points which were raised, usually by more than one Member. A very interesting point was made by Rai Bahadur Lala Ram Saran Das when he said that the high rate of interest was in part the result of high taxation. That is an instance of the very curious results that flow from the imposition of particular taxes. You may hurt the poor man more by taxing the banker's income than by taxing his salt. But I agree with the general conclusion that one of the causes of the high rate of interest in India and in the world to-day is the necessarily high demands made by the tax gatherer on the production of the world and on the surplus in the hands of the individual before he pays taxation.

The same speaker referred to the 5 crores limit for special advances on *hundis* from the Paper Currency Reserve. That is a subject which the Government of India have already been examining. It is quite obvious that the law as it stands either goes too far or does not go far enough. That 5 crores at 8 per cent. is not a complete solution of the difficulty of high money rates in the busy season which it was intended to assist in dealing with. I cannot express any final decision on that point, but the subject is being examined with a view both to an increase of the total and possible alteration of the rules governing the rates at which the advance has to be made.

I do not think that there are any other points to-day to which special attention requires to be drawn in the speech of the Finance Member. Those who mentioned the subject I was glad to see, agreed with the conclusion which I ventured to express, that the time has not yet come for fixing a new policy in regard to exchange. That is a very puzzling subject which has a very close interest for any Finance Member; but the state of the world to-day is such that he would be a bold man who made up his mind that any particular rate without reference to possible fluctuations in the purchasing power of gold was the rate ordained for the salvation of India.

Before I sit down I would like to come back therefore to the central problem of the Budget. Nearly the whole of the discussions both here and in another place have eventually come back to the problem how to cover the deficit without taxing salt. The Government of India would be as eager as anyone else to cover that deficit by some other means if they were satisfied that there was any other means which was on all considerations on the whole preferable. I think it is almost admitted by

everyone that if the narrow financial view alone prevailed—that was the phrase used to-day and I admit its correctness—the salt duty is the right form in which to raise this taxation. It will hurt the poor less on the whole than any other of the taxes suggested or any of the other means of dealing with the deficit, including the concealed method of taxation by inflation leaving the deficit uncovered, but it is urged that there are wider considerations than mere narrow financial considerations which have to be considered. I agree that there are. But do you think that the poor man will really thank you if on sentimental grounds you refuse to tax him three annas a head for a year in order to tax him a rupee per head per year in some other way? (*The Honourable Mr. Lalubhai Samaldas*: “Quite sure.”) Do you think that if he does thank you, you ought to let him? That is really the problem to which you are reduced. Sentiment is important; but it has not a complete right to dominate the decision in this matter. It is always courageous and sometimes stupidly courageous of a Legislature to teach the electorate that it knows better than the elector, but I think it is our duty in this case not to play up to the prejudices of the elector, but to try and convince him that, all said and done, you are considering his interests more truly when you do a thing which you know will benefit him in the long run than when you do otherwise. I said yesterday—as was repeated here by one speaker—in another place that if the Government could be shown a better shell-hole in which to face the music they would be glad to be told which it was and would go there readily. That is still the position of the Government. The more we hear—and I think the more Honourable Members study the subject they are really coming to the same conclusion—the more convinced we are that the suggestion which the Government have made after full consideration for meeting this deficit is the one which the united wisdom of the legislators of the country should accept.

23rd March 1923.

THE INDIAN FINANCE BILL.

The HONOURABLE MR. E. M. COOK (Finance Secretary): Sir, I beg to move:

“That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly, be taken into consideration.”

The Council will remember, from what I said here on March the 1st, that the deficit in our revenues for the coming year, as then estimated, amounted to some Rs. 426 lakhs and that the central problem of the Budget was to find means, not only for covering that deficit, but also to give some assurance that the Central Government would, at a reasonably early date, be able to discharge certain other liabilities which I mentioned. Now, Sir, as the result of the voting on the Demands for Grants in the Assembly, that deficit has been reduced to approximately

Rs. 869 lakhs. But the main problem has not thereby been materially affected, and in the Bill which we have before us this morning as passed by the Legislative Assembly, that problem still remains unsolved. It is to provide a solution that I have tabled a certain amendment which will come up for discussion later this morning. I do not propose, Sir, on this motion to enter into the merits or demerits of that particular solution, namely, the enhancement of the salt duty. I think it will be more convenient and at the same time probably more in order if on this motion I confine myself to a few general observations on the nature of that problem as it presents itself to Government. I submit, Sir, that it is vitally necessary to have a clear idea as to what that problem really is. During the last few weeks there have been floating about certain ideas born, I think, of a very natural desire to avoid taxation which falls, however, lightly on the whole of the population, on the rich and the poor alike, but, nevertheless, ideas with which this Council would do well to get to closer grips. First of all, we have had the idea put forward that the Government have exaggerated the gravity of the financial situation. We have been invited to have a better sense of proportion and to think of the enormous deficits of the past few years—deficits of 20 to 30 crores—we have been reminded that those deficits, though no doubt serious and a cause for anxiety, have nevertheless somehow been met without, so far as can be seen, any great catastrophe befalling. Why, then, we are asked, all this pother, why make all this heavy weather, about a comparatively small deficit of under 4 crores? Let us rather congratulate ourselves that our revenue and expenditure, after the efforts of the past three years, have come so close together. Surely, after the enormous gaps of the past five years another comparatively small deficit cannot do the country very much harm. And above all, some of our friends ask us, why in the name of political wisdom use extraordinary means to impose on the country taxation in a form to which, rightly or wrongly, popular sentiment is, it is said, so much opposed.

Then, again, concurrently with that idea, and sometimes combined with it, there is another which challenges the very existence of this deficit or contends that at the worst it is only temporary. What about the *deus ex machina* that recently emerged, offering you 19½ crores of rare and refreshing retrenchment, of which you have so far only taken advantage in your budget of between 9 and 10 crores? What are you going to do with the remaining 9 crores? And then we are reminded sometimes what about our revenues. Are our railways never going to give a reasonable return on the capital invested in them? Are our Post and Telegraphs never going to show a profit? Is the trade of the country always going to be so stagnant as in the last year or two? Why make such a fetish of balancing your budget within this arbitrarily chosen period of 12 months ending on the 31st March 1924? Why not take your courage in both hands and let your budget balance itself, which probably it will do, if not this year, then perhaps next year, or the year after, without causing all the strain and stress of risking a deadlock with the Legislature?

Finally, we sometimes hear the idea, rather more intangible, but perhaps on the surface all the more plausible, that, assuming that the deficit must at all costs be covered, then surely it is not beyond the ingenuity

of Government's financial advisers to devise some means, some adjustments, or even supposing that taxation is inevitable, some alternative measures, which are likely to meet with less opposition in the Legislature. Conservative finance, those friends of ours tell us, is all very well, but it is carrying financial purism too far to stir up opposition to the extent to which you will by the measures you propose.

Sir, if there are any Honourable Members here who are affected or disturbed by reflections such as these, I would ask them to remember that the Government of this country, if I may say so without impertinence, is not run by financial pedants and that a Government which, as its record for the past three years shows, has strained itself so much to make the reforms a success, ought at least to get the credit for having explored and re-explored every possible alternative and that such a Government is not likely, without grave and sufficient cause, to persevere with measures, which can possibly be avoided, to which at least one branch of the Legislature is opposed.

And can any dispassionate observer contend that the financial position of this country and of its various Governments is such as to justify those comfortable and reassuring views? I would ask the Council just to consider one or two aspects of our present financial position.

First of all, there is the growth of our national indebtedness. I have heard it hinted that we have been overstressing this question of credit and that we should remember that in a country like India there is always the danger of trying to aim too high. It is very difficult to aim too high when a country's credit is concerned. We must always remember that any deterioration, any marked deterioration, in a country's credit must inevitably work its way down, and affects the actual springs of the country's life. What are the facts? The Council, I think, knows that since 1914, leaving aside productive debt incurred on railways, irrigation and so forth, our unproductive debt has grown by no less than 226 crores. (*The Honourable Mr. Lalubhai Samaldas*: "Grown by or to?" Grown by. At the beginning of the War it was nil. (*The Honourable Mr. Lalubhai Samaldas*: "Then grown to. It comes to that.") We know perfectly well that our creditors, especially abroad, have been watching with some anxiety this growth of our unproductive debt, and more particularly, that portion of it which represents the over-spending of the last five years. Here in India too we know that the business community has similarly taken alarm. It will be recollected that last summer a deputation of business men, both European and Indian, waited upon His Excellency the Viceroy in order to impress upon Government the absolute necessity of bringing these continued deficits to an end. Now, Sir, the really important thing about this growth of our indebtedness is that we have next to no sinking fund for it. We have not been able to provide for its amortisation. It is often said that posterity has done nothing for us, therefore, why should we do anything for posterity? I ask the Council what injury has posterity done to us that we should saddle it with this heavy load of interest charges and this very great responsibility for repaying that debt when it matures. It must be remembered that a hundred crores of that unproductive debt represent the deficits of the past 5 years and that thereby we have added

a burden of between 6 and 7 crores, in interest charges alone, to posterity. I ask the Council, is it mere financial pedantry if we say that this must come to an end, and that common prudence demands that we must use all means in our power to see that the gap which now exists is covered properly, not by mere shifts and expedients, but properly covered, in order that the country may have confidence that its solvency is reasonably assured?

It is not as if there is anything in the future outlook which would justify us in assuming that our budget will balance itself without the provision of extra resources. Can any businessman say that there is anything in the outlook of trade which justifies in the near future any substantial increase in our ordinary Customs and income-tax revenue? On the contrary, Sir, as an eminent businessman said elsewhere the other day, we must now face the fact that we have reached for the time being something like normality. It may be a generation or more before our European customers can buy from us on the scale they used to; and, as for our internal trade, can it be said that our present revenue, after the two bumper harvests we have had, is going to expand sufficiently in the near future to obtain equilibrium in our finances.

Then, Sir, it has been said, what about our expenditure and the possibilities of further retrenchment? What are the facts about that? Out of the 19½ crores of total retrenchment recommended by Lord Inchcape's Committee as being the amount, if their reductions were accepted, by which we might ultimately reduce our expenditure, the budget for next year, as now revised, takes credit for over 13 crores. But about 2½ crores represents reductions in stocks, that is to say, a non-recurring saving. What does that give us? That gives us a margin of only 3 crores. If every single recommendation of the Inchcape Committee is carried into the fullest possible effect, and if all their estimates of savings prove accurate, that is the only margin for any further saving which possibly in the ultimate future we might hope to achieve. I shall suggest to the Council that that narrow margin is already fully hypothecated. I am not even sure that the full 3 crores exists for there are some retrenchments proposed, more particularly in railways and the programme of railway expenditure, which I do not think were intended by the Committee to be absolutely permanent.

Finally I come to what I suggest is perhaps the most important fact with which we have to deal to-day. I have so far looked at this matter mainly from the point of view of balancing the budget of the Central Government for next year. I would invite Honourable Members to turn for a moment to the position in the country as a whole. Among the items of the Central Government's revenues there is a figure of 9½ crores which represents the contributions payable to us by the provinces, contributions which not only the Government of India are pledged to remit at as early a date as possible but the remission of which has been pressed upon Government time after time by both Chambers of the Legislature. Now what is the condition of the provinces? The provincial budgets for 1922-23 showed in the aggregate deficits amounting to 4½ crores. Their budgets next year, even after considerable retrenchment and a substantial amount of provincial taxation, show, on the latest information available to us, deficits aggregating over 4 crores. What is the position in almost

every province? All those political leaders who took office as Ministers in the Provincial Governments, pledged to work the reforms, have, I think it is no exaggeration to say, found their position one of extreme difficulty. They took office in high hopes and with a determination to prove to their supporters that in the departments entrusted to their administration, departments which so closely touch the nation's progress, representatives of the people would prove their fitness for actual Government. They took office, I say, with high hopes, but nevertheless in many provinces in the face of much obloquy from their opponents and from the enemies of the reforms. What is the position now? There must be many Honourable Members here who have heard it themselves. Government have had first-hand information from three different provinces, from which the Ministers have come to the headquarters of the Central Government with the tale of their difficulties. And there is scarcely one Provincial Government which has not again and again written to us emphasising the hampering effect upon the development and success of the reforms of the financial stringency in the provinces. They are in most provinces feeling severely the reaction of this stringency upon the political situation. Mr. President, this is not a mere debating point, still less is it a bait to induce the Indian Legislature to accept Government's proposals. Those Honourable Members who are in touch with the political life of their provinces will not fail to support me when I say that this state of affairs is, day by day, handicapping the progress of the reforms in the provinces and producing an atmosphere of friction and irritation.

It is clear then what the choice is before us. On the one hand, we can leave this deficit alone; we can say that we do not like the taste of the medicine, "Take it away." We can say, "Let things rip, let us see what happens." Well, Sir, we may be fairly sure what will happen. We shall get the same sort of thing year after year: deficits, deficits, deficits, no certainty and no real assurance that this is coming to an end. We shall I think see our credit abroad steadily deteriorating; and I venture to think we shall see that the opponents of the reforms, both here and at Home, though at opposite poles of thought will hasten to say that their prognostications have proved true. On the other hand, Sir, I submit that if we take our courage in our hands, we have a reasonable assurance that our financial barque is nearly, or will be soon, in harbour. We will have a reasonable assurance that this pall which has hitherto been hanging over India's young Parliaments will at last be dissipated. Many Honourable Members may have doubts about this question; doubts which perhaps carry them back to the old days of the Congress, when it was really a National Congress, and when this particular question was one of the minor battle-cries. Sir, I suggest that the battle-cry of one generation is not necessarily the battle-cry of the next. If any Honourable Members have doubts, I would ask them seriously to consider whether this is not one of those cases in which

"Our doubts are traitors

And make us lose the good we oft might win,

By fearing to attempt."

The Honourable Mr. LALUBHAI SAMALDAS (Bombay: Non-Muhammadan): Sir, the Bill comes to us with a recommendation by

His Excellency the Viceroy, and therefore will have to be considered very carefully and respectfully. And yet we would not be true to ourselves nor true to our country if we did not give full expression to what we feel on this subject. My Honourable friend, Mr. Cook, has laid very great stress on the necessity of balancing the Budget. He told us that it might be said that we should not make a fetish of the necessity of balancing the Budget. Well, I am one of those who had agreed in the beginning that it is necessary as far as possible to have the Budget balanced; but a time comes in the life and history of a nation or the history of Legislatures when a fetish like that has to be brushed aside. Here I want to draw the attention of the Council to one matter. My Honourable friend Mr. Cook said that if you do not balance the Budget, your credit in the country as well as in the world will suffer. May I ask him to look to the results of the past two years' borrowings. In 1921, when our credit was not quite good, we could not raise a loan in England, the sterling loan, at less than 7 per cent. Last year, with a far larger uncovered deficit, we were able to raise our sterling loan at six per cent. This shows credit of the country had not suffered in spite of the larger uncovered deficit. It is not merely on account of the deficit that the credit of a country goes down. There are other factors, Sir, and if those factors are good, merely an uncovered deficit of 4 crores will not materially injure the credit of this country. I hope the Honourable Members here, and the Honourable Finance Member and the Honourable Finance Secretary especially, are keeping their eyes on the rise in the Government paper almost every day. Is that a sign, Sir, that the credit of the country is suffering? The Honourable the Finance Secretary referred pointedly to the accumulated deficit of 100 crores in the five years. I want to make it quite clear, Sir, that for that deficit of 100 crores, the Legislature were not responsible. It was the Government of India that was mainly responsible. If the Legislature for the last two years were responsible, in any sense they were responsible merely because, in order to help the Government to carry on, they were prepared to allow them to keep the expenditure at the high figure at which the Finance Department put it before us, and it is not fair to us for the Finance Secretary now to turn round and hold us responsible for the deficit of 100 crores during the past five years. If any body is responsible, it is the Finance Department of the Government of India that is responsible, and it is not up to them to charge us with having allowed a deficit of 100 crores to grow.

THE HONOURABLE MR. E. M. COOK: I made no such charge.

THE HONOURABLE MR. LALUBHAI SAMALDAS: I am very glad, Sir, that the Honourable Finance Secretary says that he did not make a charge. I am sorry if I understood him to do so, but the feeling in the minds of myself and of my brethren on this side was that as the 100 crores deficit was thrown at our face, the implication was that we were held responsible for that deficit. If I satisfy the House that the deficits of the past five years have not affected our credit—if the facts are as I have put them and I daresay neither the Honourable Finance Member nor the Honourable Finance Secretary can challenge those facts—then it shows that the credit of a country does not automatically go down because the Budget is a deficit Budget and the deficit is not covered. Theoretically, it is all right to say so, but there are other practical fac-

tors which I am quite sure the Honourable the Finance Member and the Honourable the Finance Secretary will take into consideration; and if they are satisfied that the credit of the country is not likely to suffer by the uncovered deficit of 369 lakhs, I hope they will not press this measure before this House. The Finance Secretary said that the Government have taken all possible steps for, and explored all possible methods of retrenchment.—It may be so, Sir, and we must accept that statement, and yet, when the Assembly in their wisdom cut off more than one crore and 14 lakhs of rupees, it was presumably the Finance Department that recommended to His Excellency the Governor General to restore it. The retrenchment of 1 crore and 14 lakhs was suggested, but that amount has now been restored by His Excellency the Governor General.

The HONOURABLE SIR MALCOLM HAILEY (Home Member): It was not retrenchment; it was transferred to capital.

The HONOURABLE MR. LALUBHAI SAMALDAS: The Honourable the Home Member says that it was transferred to capital. This raises a very large question, Sir. I hope I will not be out of order if I refer to that question again. Years back when the Government of India purchased railways, what did they do? They paid part of the purchase price in cash and they agreed to pay the remaining amount by way of annuities. At that time in the beginning as annuities were small amounts, the Government of India possibly then thought that they could easily pay them out of the revenues. Through some misunderstanding, I believe, of the correct accounting, it was put down that the annuities were to be paid out of revenues and that system holds good now. I ask any Member who knows about accounting, auditing and finance to tell me if this is the correct method. But it is not only that, Sir. A difficulty may arise when we pay off all our annuities. How will the railways then stand in our books? They will stand at the cash price that we paid for them. It may be that a new Finance Member years hence not knowing all the facts may be cajoled by a new company-promoter to give the railways to him at a profit of a hundred per cent. The Finance Member may think that he will be making a very good bargain, and yet the company-promoter will get that railway at less than half its intrinsic price. I make a present of that to the Finance Member. I do not want to say that merely because this is a year of deficit that we should transfer 1,14 lakhs to Capital. It ought to have been done long ago and it ought to be done as soon as the mistake is found out. Even if it is not done now, I hope that before next year, somebody will move a Resolution on the subject in the Council. If nobody is going to do it, I will move a Resolution to have the whole of our system of accounting altered and annuities charged to Capital as it ought to be done. Leaving aside that one item, there is another item to which I want to refer, because the Honourable the Finance Secretary has been good enough to furnish me with figures, namely, the service charges. Sir, last year the Government of India raised a rupee loan of 47½ crores, and for that they had to pay 58 lakhs, 52½ lakhs as interest for the broken period and 5½ lakhs as brokers' charges. That means—I have worked it out—it comes to 1¼ per cent. This year the Finance Minister has come to us for a loan of 25 crores. Now, on 25 crores service charges at 1¼ per cent. will come to 31½ lakhs. The Finance Depart-

ment have made provision for 80 lakhs of rupees under service charges. Here is a net real saving of about 50 lakhs. I could only refer to it last time in my budget speech very casually, as I had no time then. But fortunately we can, I believe, go on to any extent.

• The HONOURABLE THE PRESIDENT: The Honourable Member complained of lack of time. He spoke for 38 minutes on the budget.

• The HONOURABLE MR. LALUBHAI SAMALDAS: Here is a saving which the Finance Department can easily make. Leaving the rupee loan, we now come to the sterling loan. Last year sterling loan of $27\frac{1}{2}$ million pounds was raised. I have not been supplied with figures of the service charges on the sterling loan. But the provision made in the budget was for 53 lakhs. I do not know whether it included exchange or not. This year provision is made for £475,000, and as the loan is only for 15 millions, it ought not, even if the brokerage is a little higher, say $\frac{1}{4}$ per cent. even if the whole expenditure is $1\frac{1}{2}$ per cent., the service charges will not be more than £225,000. That means, Sir, a clear saving of £250,000. Have Government carefully considered this proposal and if so, why have they not reduced these two items by 50 lakhs and £250,000, which should give them at once $87\frac{1}{2}$ lakhs. I have given only two instances to show that the Government of India either have not accepted the recommendation of the Assembly or have not explored all the avenues of reduction as they ought to have done.

• Then, Sir, we have been told that Government have very carefully considered all the other alternatives of raising revenue. I daresay they have. We are not in possession of the facts which led them to give up various other alternatives that were suggested. I do believe, Sir, that some alternatives that were suggested were at least much better than the salt tax and would have fallen not on the poorest of the poor as the salt tax would fall, but it would have been equally divided between the rich and the poor in proportion to their expenditure. That factor does not seem to have entered into the minds of those who carefully considered the various other alternatives. The idea of going to salt for raising this revenue can easily be explained, Sir. I will follow the example set by the Honourable Mr. Cook and will not refer to the salt tax in particular just now, because I propose doing so when he moves his amendment. I am now referring to the general principles. Once the salt tax is levied it has a knack of sticking. I have merely to refer to what happened in 1888 when the salt duty was raised to Rs. 2-8. Since 1888 there were various speeches made by the Secretaries of State, by Viceroy and the Finance Members promising to remove it, as early as possible; and yet for 15 years, nobody had the courage, nobody had the statesmanship, to remove that tax. It was in 1903 after a strong fight by my late Honourable friend Mr. Gopal Krishna Gokhale that the Government of India thought it advisable to reduce it by 8 annas. That is the worst of the salt tax. Any other surcharge, any other duty, can be removed and will be removed. The salt tax sticks on. That is a reason why we do not want, leaving aside the other reasons which I will explain later on, the salt tax to be touched now. My Honourable friend Mr. Cook said that the Government of India had carefully considered the whole situation and would not have raised this—what might have looked like a constitutional crisis—if they had

not been convinced that this is the best way of meeting the deficit. It pre-supposes that the deficit had to be covered at any cost, which I challenge. He then says that this is the only way in which the deficit could be covered. I will say, Sir, with all due respect, that the Government of India have not realised the danger that they are running. It is not a constitutional crisis only. That is not the chief thing. It is true that under the constitution, the Governor General has the certificate power and he can do so when he thinks it necessary to do so; but Government do not realise the ill-feeling that they are creating in the minds of all those who for the last two years have done their level best to help Government to carry on the administration of the country. Members in the other House and of this House have stood all sorts of slanders, have always tried their best to help Government to raise revenue by fresh taxation, have allowed them sometimes even to carry on a repressive policy with the only hope of working the reforms in such a way that it might be a step further for Swaraj; and now Government do not realise what they are doing; they do not realise that they are disappointing their own supporters. After all, Sir, is this such an important question that Government should turn their old friends—I will not say, into enemies—is this such an important question that Government should turn their friends away? People will say if this is the only attitude which we can expect from Government, it is much better for us to stay out of their Houses, the Legislature, and do our private work in our own humble way instead of being a handle in their hands to tax our poor brethren. I want Government carefully to realise what the political situation is like. I am quite sure they are as much in touch with public feeling as I am: yet as a representative of my presidency and my countrymen, I would not be true if I did not clearly express what I and my countrymen feel on the subject. My Honourable friend Mr. Cook has tried to bring in the Provincial contributions and said that the three crores or so of margin of the Retrenchment Committee has been hypothecated. He did not say it was hypothecated against the 9 crores contribution, but I believe that was at the back of his mind. It is so easy to bring in the Ministers in such a debate and refer to their difficulties to wring the sympathy of the Central Legislature. Sir, if the Ministers have not been the success they have, it is not merely because of the financial difficulty, and if there is a financial difficulty, it is because the reserved subjects get the lion's share, and the transferred subjects do not get it. Wherever the Governor is sympathetic and treats both branches equally, I think Ministers have been able to show good results, and it is only from Ministers of those provinces where the Governor has not been equally sympathetic to the two branches, that the grumblings must have come. I will reserve my remarks about the salt tax and now resume my seat hoping that the Government will see the advisability of dropping their proposal to raise the salt tax.

The HONOURABLE SIR ALEXANDER MURRAY (Bengal Chamber of Commerce): Sir, although only two speakers have so far spoken from this side of the House, it appears to me that objection has been taken to this Bill on three grounds: (1) from the constitutional point of view, (2) on the merits of the Bill, and (3) from a sentimental point of view. I do not propose to speak to any extent on the constitutional point of:

view, except to remark that my Honourable friend Sir Maneckji Dadabhoi appeared to me to quote the wrong section of the Government of India Act when he referred to section 67A. I understood the Honourable Member, Sir, to be quoting from sub-section (8) of that section:

“Notwithstanding anything in this section the Governor General shall have power in cases of emergency to authorise such expenditure as may in his opinion be necessary for the safety or tranquillity of British India or any part thereof.”

Now, that particular section which the Honourable Member said His Excellency the Governor General was not entitled to make use of on this occasion refers, if I may say so, to grants, not to a Finance Bill such as this is. I personally in this House recognise that so far as Demands for Grants are concerned we here have no say; that is a matter entirely for the other House. But I do not say that where it is a question of increased taxation, we are at least entitled to have a say, and that is provided for in the Government of India Act and also in the rules. Sir Maneckji objects to the Governor General making recommendations in connection with this Bill. If the Governor General had not made recommendations and if the Honourable Member opposite does not propose to move amendments increasing the salt tax from Rs. 1-4 to Rs. 2-8, I feel, Sir, that we would be at a disadvantage as against the Legislative Assembly. The Legislative Assembly were given an opportunity of discussing a Bill which contained a proposal that the salt tax should be Rs. 2-8 per maund. Had the Governor General in exercise of his prerogative not recommended that an amendment be moved in connection with the Bill, we here would have been given no such opportunity.

THE HONOURABLE THE PRESIDENT: An amendment can be moved without a recommendation.

THE HONOURABLE SIR ALEXANDER MURRAY: I stand corrected, Sir; I was under the impression that it was not a privilege of any unofficial Member of this House to move amendments that would result in increased taxation.

THE HONOURABLE THE PRESIDENT: Not a non-official Member; it could be moved by Government without a recommendation under section 67B.

THE HONOURABLE SIR ALEXANDER MURRAY: Quite true; I accept that, Sir. But my point is that no non-official Member in this House would have been given an opportunity of discussing the salt tax on the basis of Rs. 2-8, had it not been for the fact that the Governor General in Council has recommended an amendment that the tax be Rs. 2-8 instead of Rs. 1-4. Therefore, I say that instead of finding fault with His Excellency the Governor General in Council for making this recommendation . . .

THE HONOURABLE SIR MANECKJI DADABHOY: I beg Sir Alexander Murray's pardon. I did not find fault with His Excellency the Governor General in Council. I said that this was not the occasion when the Bill ought to have come up with a recommendation of the Governor General in Council.

THE HONOURABLE SIR ALEXANDER MURRAY: I still think, Sir, that we are indebted to His Excellency the Governor General in Council and to the Honourable Member opposite for giving us an opportunity of

transferring it to a revenue charge. I said it is only sheer necessity which justifies its being kept as a capital charge without any provision for its yearly repayment. Would the Honourable Member like to do a deal with me over it? I have 196 lakhs which ought to be charged to revenue. Would he like to exchange this for the 114 lakhs representing annuity charges?

The HONOURABLE MR. LALUBHAI SAMALDAS: If it is correct, let us go in for it.

The HONOURABLE SIR BASIL BLACKETT: I am in great hopes that next year by the time the Budget is introduced we shall be able to revise all these deficits and be able to improve the whole of the accounts, and present real commercial accounts for the railways. But we are arguing now only this question of the annuity. Now for the purpose of showing a surplus where there is a deficit on the methods which you have used for accounting for years, when you have announced to the public that there is a deficit on those methods, are you going to improve your credit by making a transfer to capital not in order to improve the accounts but simply because you want to make your deficit appear like a surplus? I entirely agree with the line that Professor Kale took that, if you are going to have it, you should show your deficit as a deficit and not as a camouflaged surplus. The argument that our credit has been suffering has been challenged to-day by two Honourable Members. I should like to remind them of what they said on March the 7th. Mr. Lalubhai Samaldas said:

"The Budget ought to be balanced. There is no doubt about it. Those of us who have anything to do with commercial concerns realise that unless the budget is balanced neither the country nor the Government can have any credit with the outside world."

Sir Maneckji Dadabhoj had something interesting to say on the subject to-day. This is what he said on the 7th of March:

"I endorse all that Sir Basil Blackett has said as regards the necessity of balancing the budget. It would be impolitic, it would be unwise, it would not be in consonance with a well regulated policy to leave the deficit uncovered and some means must be found to obtain that object."

After all we are all agreed that the deficit must be covered. The only question is, is it better to put on new taxation or to leave the deficit uncovered, if the new taxation is so unpopular or so much disliked as the particular method which we have proposed this year? Well, I never heard of any taxation that was popular. All taxation is disliked. I imagine that it would be very seldom that you would get a majority in a referendum in favour of any taxation. Incidentally, I am afraid that the 4 crores deficit would be increased considerably if we tried to have a referendum on the question of imposing the salt tax. But all taxation is disliked, and taken by itself it will invariably be objected to and opposed. The people who are responsible for the finances of the Government, this House, the other House, the Government, in the case of India, have got to do things that are not altogether popular if they want to balance the budget. If you do not carry taxation as this House and the other House have carried it with great spirit and courage in

the last few years, you will never be able to put your finances in a sound position. This year we have gone further. We are not merely proposing to cover our expenditure by new taxation. We have done our utmost to put into effect the very drastic recommendations made by the Retrenchment Committee. I was very much gratified to hear to-day a Member of that Committee say that he was thoroughly satisfied that the Government had put into force all that was possible in 1923-24 of the recommendations of the Retrenchment Committee. That, I do assure the House, is the case. We have gone all out to effect those reductions. It is going to be a continued fight all through the year to prevent the actual expenditure exceeding the Budget figures. In this case we have to depend on putting into force retrenchments which we have not yet had actually time to carry out. If that is so, I think that I really have a good answer to the complaint that has been made that the Government was unyielding in not agreeing to large cuts in the estimates as presented to the other House. These estimates, as presented, showed the minimum figure which it was honestly possible to consider as likely to be reached in reducing expenditure next year. If the Government produces estimates and then accepts large cuts in the course of the discussion, it is open to the just charge of having produced bad estimates. It cannot permit a lakh or two here or a lakh or two there to be cut and still claim that the estimates that it introduced to start with were correct.

THE HONOURABLE MR. LALUBHAI SAMALDAS: That is what we were told by the Honourable the Finance Secretary last year.

THE HONOURABLE SIR BASIL BLACKETT: I admit that possibly some things that happened last year may have been misleading us this year. But this year our estimates represent the minimum that we can honestly put forward as required after putting into force all the recommendations of the Incheape Committee.

One particular point has been mentioned. It is an item called service charges in the interest figures. Now, the budget for our requirement for interest is necessarily one of those which are uncertain. If you borrow late in the year you have larger charges to pay under the head of interest on treasury bills and less under service charges. But just taking that item as it stands, we are told that because last year we managed to get through a rupee loan of 47 crores with Rs. 58 lakhs for service charges, our estimate of Rs. 80 lakhs this year when the loan is only Rs. 25 crores is too big. Well now, in 1917-18 we borrowed Rs. 42½ crores and the service charge came to Rs. 236 lakhs. We borrowed Rs. 56 crores in 1918-19 and the service charge was Rs. 162 lakhs. In 1919-20 we borrowed Rs. 21 crores and the service charge was Rs. 131 lakhs. The next year, the loan was Rs. 49 crores and the service charge Rs. 190 lakhs and last year it was Rs. 47 crores and the service charge Rs. 58 lakhs.

THE HONOURABLE MR. LALUBHAI SAMALDAS: The Department was learning. They ought to have learnt better now.

THE HONOURABLE SIR BASIL BLACKETT: We have taken the yearly average which is over Rs. 80 lakhs and put it down at 80.

The HONOURABLE MR. LALUBHAI SAMALDAS: Not the average. Last year's percentage is what I want.

The HONOURABLE SIR BASIL BLACKETT: The year before it was Rs. 190 lakhs for Rs. 49 crores and last year Rs. 58 lakhs for Rs. 47 crores. We have not taken the average of those two. We have taken the average over a series of years. I only give that to illustrate that that figure is the best figure that we can produce. We are quite confident that taking the estimate for interest as a whole it was impossible to make any serious cut in it without being fairly certain that on the estimate as a whole we should find it necessary to come back for a supplementary grant. (*The Honourable Mr. Lalubhai Samaldas*: "Could have done it.") Of course, we can quite well introduce at the beginning of the year estimates which we know will require supplementaries of 10 per cent. all round, but we cannot present those estimates as our forecast of the budget expenditure for the year. The fact that you can get a supplementary estimate if a cut is made has nothing to do with the question that you have got to produce a forecast now of what your expenditure for the year will be. It may be quite different from your preliminary demand for grant which you can double by a supplementary grant if that is possible. An appropriation under the demand grant is really rather a different problem from forecasting your budget requirements. However, we have honestly reduced our estimates to a form where we think it is impossible to reduce the figure below the figure of the deficit of 369 lakhs which we now put forward.

Then the question is, if this salt tax is so unpopular, if like all other taxes sentiment objects to its being taxed, is not some other kind of taxation possible? As the Council is aware, we did our utmost to see whether anything could possibly be done in that direction. All efforts were made by Government to see whether an agreement could be arrived at for other kinds of taxation which would between them take the place of the salt tax. Not only was there no unanimity among those who suggested alternatives, but in nearly every case—I must not say they did, but I think they privately thought that salt tax was preferable. (*A Voice*: "No, no.") It was said in another place that if anything was going to encourage non-co-operation it was the income-tax department, and a surcharge on income proved very, very unpopular and I do not think there would have been any chance of an agreement on that as a substitute for the salt tax. Given that the budget deficit must be covered, the Government of India are honestly and sincerely convinced that the right and the fairest course in the interests of the Indian tax-payer as a whole, in the interests of India's credit and in the interests of the future of India is the salt tax. They did not close their minds to the possibilities of other taxes, though I may say for myself that I went through very much the state of mind which Sir Alexander Murray went through. I disliked salt tax. It did not seem to me to be a desirable thing in itself, or a desirable thing to come forward with as a supplement to the Retrenchment Committee's report. But one after another possible alternative taxes were explored. The possibility of a further reduction of expenditure was, as I have explained, out of the question. I have great sympathy with one argument that

is put forward in connection with that matter. I think it is as a matter of fact the strongest argument against the imposition of salt tax or any other tax this year and that is that additional taxation will take away all inducement to Government for further retrenchment. Had I thought that I should have voted for the opposition to the salt tax. But why should that be so? Assume that we have produced a budget that balances in 1923-24. In the first place, most of our taxation is annual. But apart from that we are still over 9 crores short of a final balance because there are 9 crores of provincial contributions between the Government of India and the final balance—between its permanent income and permanent expenditure whatever the normal figure of that is going to be. We have got 9 crores of retrenchment to make before we can clear the provincial contributions out of the way as we are pledged to do, 9 crores of retrenchment less such amount as we may obtain from increasing revenue from existing sources. I have missed one point that was made by a speaker to-day and that is that our revenue estimates are unduly cautious. It is very difficult to frame revenue estimates with the world in its present state, to foresee what the future of our internal trade and of our export trade is going to be, but we have been sufficiently warned by our efforts last year only when our revenue estimates were 12 crores too high as to the dangers of overestimating. I claim that we have not underestimated. We have allowed for a considerable increase, I think nearly 4 crores in gross receipts from railways, for an increase of over 3 crores in the net receipts from the Customs and we have allowed for normal growth elsewhere. We have not allowed for abnormal growth of revenue. We have not allowed for a boom. I hope the boom is coming but I do not expect it, I am afraid. If we are going to have an improvement of trade, it is going to be slow and steady and probably, in the best interests of the world, it is better that it should be slow rather than a boom. But we cannot frame estimates on the assumption that it will be anything but slow and steady. That being so, there is no room for being over-sanguine as to balancing our budget in future years by growth of revenue. We have got considerable retrenchments still to carry out. We have got to complete the work that has been done by the Retrenchment Committee and I hope those Members of the Retrenchment Committee who are also Members of this House will not disagree with me when I endorse a remark that was made in the other House that the Retrenchment Committee is not the last word on possible retrenchments.

The HONOURABLE MR. LALUBHAI SAMALDAS: I hope not.

The HONOURABLE SIR BASIL BLACKETT: We too hope not but I do say that is the one argument which seems to me really a strong one against covering the deficit this year that it will take away the inducement to Government to economise. There is 9 crores between us and a real balance, which is a considerable inducement and the House can still study the Retrenchment Committee's report and talk to us next year and the year after. I do not imagine that will be forgotten. I do claim, therefore, that looking to the interests of India as a whole the Government is right in asking that the salt tax be passed, that the Budget for next year be passed, that the

of deficits which has now been with us for 5 years shall be definitely brought to an end.

The RIGHT HONOURABLE V. S. SRINIVASA SASTRI (Madras: Non-Muhammadan): Sir, it strikes me that it might be helpful, while we are considering this particular amendment, to consider the position of the salt duty in the system of Indian taxation. It has been said that the opposition to this duty is sentimental, that it is a necessity imposed on Honourable Members by the approach of a general election and that upon the whole the considerations so far put before the Legislature are of a political rather than of an economic nature. I am gratified that there is no tendency on the part of official exponents of the Bill to minimise the political or the electioneering aspect; they grant that there is much force in them; but they are not prepared to grant that there is any material argument that might be brought forward against the salt tax. Sir, the poet has said that one half of the world does not know how the other half lives. If it is true anywhere, I believe it is true with reference to the Members of this Council, say, generally in their attitude towards those who live either on or below the margin of subsistence in this country. Of these people, there are not tens of thousands nor hundreds of thousands, but millions. The average income per head in this country has been variously estimated, but the official estimate which we regard as very sanguine puts it at about 30 or 32 rupees. This is the average. The number of people who get incomes far below that figure must be enormous. I am using the figure arrived at a long time ago, probably the figure of 30 or 32 should now under modern currency be put at 55 or 60 rupees. Even so, there are millions who live below the margin of subsistence. I am afraid a vivid perception of their life is not amongst the equipments of the Members of this Honourable House in approaching this subject. To these millions, Sir, an anna is not a bagatelle, a rupee is a considerable proportion of their extremely restricted annual budgets. I can speak from personal knowledge of these people, because, Sir, as I will admit, it being no crime, I have lived very close to this line of subsistence. For many years when I was a little boy, the prospect of starvation was a familiar companion and amongst my sharpest and bitterest recollections to-day is this circumstance, that one year when money was scarce and amongst other necessities of life salt was very dear, my poor mother was obliged to decline a gift of mangoes because she could not afford to purchase the salt necessary for pickling it. It is me, I may venture to say, who am entitled to say a word on behalf of the millions of India: others have no right to speak of what the effect of a salt duty raised to Rs. 2-8 may be upon these poor millions. Free salt is by ancient tradition one of the gifts which ambitious monarchs used to dream of being able to give some day to the poor people. After the British established themselves in this country and regular budgets became the rule, I quite remember for a long series of years Secretaries of State, Viceroys and Finance Members saying time after time 'we hate to put on a salt duty. We would gladly rid ourselves of this necessity, and our ambition is, as the financial strength of India grows, one day to abolish this tax for ever.' In that sentiment the people and the Government used happily to agree till some years ago. Now either because the necessities of India from a financial point of view have become vastly greater or because the close attention to the needs of the poor that used to be paid in former times has disappeared—I do not care to distinguish

between these two causes as to their relative intensity,—for some reason or other, we have all, officials and non-officials, come to regard the salt duty as a part of our financial system. It had reached down to one rupee sometimes. It generally stood at Rs. 1-4-0; it came up to Rs. 2-8-0 for some years, but we considered it a piece of good fortune that we were able to bring the taxation down until it reached Rs. 1-4-0, and it must have been the direst necessity which could drive the Finance Member of a past generation to think again of raising it. As I said, even non-official opinion has come to regard the salt duty as an inseparable part of our fiscal system. I will venture, Sir, to quote the opinion of my late master Mr. Gokhale on this subject, for it is sometimes enveloped in obscurity. He used to say 'The salt duty now stands at a low level. If it could be reduced still further and brought down to the level of one rupee, I should not object to its being a part of our fiscal system. That is one of the taxes which must be kept at a very low level in order that Government may have in their hands always a margin of taxation which they could avail themselves of at a pinch.' The occasions when he would have sanctioned an increase of salt duty would be the direst necessity of the State, and even then only for a temporary period. I had hoped in the discussions in another place that Government would declare that the additional impost on salt which they were contemplating was a purely temporary thing to enable them to tide over the distress of this particular year so that they can cut it out next year absolutely. If that condition had been promised, I personally believe that the objection to the salt duty would not have been so very bitter. On the other hand, Sir, it was freely allowed to be stated—and I heard something very near it this morning from the official Bench—that this additional revenue from salt was intended to be made a permanent part of Indian finance and glittering prospects of something the provincial contributions were held out against the strength of the revenue supplied from the new duty on salt. That put the case altogether out of Court, as far as I am concerned. I should have been willing to recommend a small additional impost on salt for one year and for one year only, if it would have enabled the Government to bring about a balanced budget for this year, avoiding a further deficit next year to help them out of a similar difficulty. If it is going to be a permanent impost, if it is going to add to our resources to such an extent that they meet obligations such as the expenditure of provincial expenditure or addition to the charges of the Imperial Government, then, I am afraid, the last justification for this impost is taken away. I am very willing to believe, Sir, that an unbalanced budget coming after three unbalanced budgets, is an evil. I am willing to believe that a surplus of revenue is a mischievous thing. I am willing to believe that a surplus of revenue is not popular by any means, but the question of salt duty is not a question of surplus or deficit but of our standing in the new high level of taxation. I cannot but think that the Government of India have been very badly advised in choosing this means of escape from their financial difficulties.

The Hon. Mr. C. A. J. [?] Commerce and Industries Minister : Sir, salt has been a wrong for me. I had of course to do with it, but I do say that I hope that never again shall I have to speak of salt either here or elsewhere. But I feel that I must once again go on to re-state the position of Government in regard to this most difficult matter. I think the House have seen that we have proposed to do. As I have said before, we begin the

with a postulate that this year at least we must balance the budget. We were aware that if we did not balance the Budget this year we should be driven for the sixth year in succession to have a deficit budget. We also were aware that if we left an uncovered deficit this year, that fact must tax the attention of the world. Everybody knows here, in England and elsewhere, that this year we had made the most strenuous efforts to balance our budget. The Honourable Mr. Raza Ali and others may say what they like, but I say without any fear of contradiction that the Government of India could have done no more than what they have done in the way of carrying out the recommendations of the Inchcape Committee's Report and in retrenching. We have cut down our expenditure side to the absolute minimum possible, and yet, Sir, in a good year, in a year of good crops, in a year where trade, if not very prosperous, at any rate, has shown signs of revival—and yet we still find ourselves with a deficit of 3·69 crores. That is our position. We have cut expenditure down to the limits and we still cannot make revenue and expenditure meet. Are we to go before the world with that position? We decided definitely that we could not do so. We could not do it in the best interests of India and in the interests of India's credit. And, whatever objection may have been taken to the precise method we propose for balancing this budget, I have rarely heard, either elsewhere or in this Council, I have rarely heard any challenge to that proposition. Everywhere it has been accepted almost as axiomatic that the deficit must be covered. I am sorry to hear to-day, Sir, several of the most respected leaders of this Council tending to resile from their position. I am sure that on reflection they will return to their former position, that come what may the deficit must be covered. Then, Sir, we have been accused to-day that we have made no efforts to explore alternatives. I am quite sure that everyone in this Council knows that that charge is not true. I am sure that everyone recognises that we have done everything we can not only by ourselves but in consultation with the non-official representatives of the people up here. We have done everything to find a satisfactory alternative to the salt tax. And we have failed. And that is why the salt tax still stands. The salt tax, whatever its disadvantages may be, has many advantages. It is easy to collect. The increase of the tax does not increase the collection charges nor does it increase the distribution charges. I would like the House to remember that what makes up the price of salt for the consumer is not the cost of manufacture, which is very small indeed, but the duty *plus* the distribution charges. We don't touch the cost of manufacture. We don't touch the distribution charges. And from one point of view, enhancement of the salt tax is a good tax because Government does get or should get practically the whole proceeds of the tax. The middleman may pass on rather more than the tax to the consumer, but he cannot do very much in that way. And, from that point of view, the tax is a good tax. It is also a good tax in that it distributes the burden all over the people. It is perfectly true that proportionately the burden comes more heavily upon the poor. But the burden in any case is so small that I cannot admit that it is a practical objection, having regard to the necessities of the case.

Mr. Raza Ali has given away his own case. Mr. Raza Ali is quite prepared to agree to a 50 per cent. increase in duty. We have proposed a 100 per cent. increase in duty. It sounds a lot. I admit it sounds a very heavy increase. But what does it mean? I have given the figures

before, not once but many times. But let me put them to the Council in a slightly different way. It means this. I should first explain that we know by statistics that the annual consumption of salt in India, including the consumption by human beings, by cattle and including all the consumption of salt for industrial purposes,—we know that the average annual consumption per head is 6 seers per annum. On the 28th of February in Delhi City here, a man could have bought for one anna two months' supply of salt. As a result of our increased duty, he could on the 10th March have bought for one anna six weeks' supply of salt. If Mr. Raza Ali's amendment had been accepted, he could have bought seven weeks' supply of salt. Now, Sir, that is what Mr. Raza Ali's amendment means. Surely, in actual practice, there is not so very much difference between increasing the price of salt by 50 per cent. and increasing it by 100 per cent. And, Sir, let me take the Right Honourable Srinivasa Sastri's objection. And I should like to say, Sir, that I do appreciate the moderation with which the Right Honourable gentleman put his case. Mr. Srinivasa Sastri said that there were a very large number of people, many millions of people, in India who lived on the margin of subsistence and he put it to the Council very strongly that this increase in the duty on salt might though its effect might be, would press hardly upon this submerged tenth. I dare say that is true, Sir. But all taxation must press to some extent upon the poor and in every country in the world there is this submerged tenth. It is not peculiar to India. That phenomenon unfortunately is common to all countries in the world, and Sir, since we are dealing with this submerged tenth, I say that this submerged tenth in this country is in some ways better off than the submerged tenth in other countries. Mr. Srinivasa Sastri has been in London in England in the winter and I have no doubt that he has seen, as I have seen, miserable half-starved half-dressed creatures selling matches, or what not in the streets with the snow on the ground and the wind blowing on their faces. Take his own country, Madras. In Madras where it is always warm, where clothes are hardly a necessity of life, Sir, in Madras the submerged tenth are in some ways better off than they are in Europe. I do not attach great importance to the Honourable gentleman's arguments, for, as I have said, there is scarcely any taxation in the world but must press hardly upon some small fraction of the population.

Then, Sir, Mr. Srinivasa Sastri quoted Mr. Gokhale and I was interested to hear that in 1909 or 1906 it may have been—Mr. Gokhale admitted that there should be a tax of Rs. 1 a maund on salt. Had Mr. Gokhale been alive to-day, Sir, having regard to the decrease in the purchasing power of money and the general rise in the standard of living, I am quite sure that Mr. Gokhale, in view of the changed conditions to-day, would not have disapproved at any rate of a Rs. 2 tax on salt. Rs. 2 to-day, Sir, is worth no more than Rs. 1 twenty years ago.

Mr. Sastri also said, Sir, that had he any guarantee that this tax would only be a tax for one year, he personally would not object to it. He agreed that it was a matter of last importance to finance and cover our deficit, and in view of the importance of showing that, he said that he would agree to this increase in the salt tax had he any guarantee that it would be for one year only. Then, Sir, on that I can only refer him to clause 1 (3) of this Bill which provides that the clause of the Bill which relates to salt shall remain in force only for one year.

Sir, when I am on the economic aspect let me refer to one more fact. I should like the House to think how greatly the standard of wages and of comfort generally has gone up in India in the last few years. We all know that in 1919-20, subsequent to the war, there was a rapid and steep increase in prices. We had to readjust our wages all over the country in order to meet that increase in the cost of living. Government had to do it, and I think I am right in saying that they spent Rs. 9 crores in doing it. And not only Government but every employer of labour had to do the same. I was told the other day that Government had been very unwise in increasing the wages, and that instead of that, they should have tried to meet the case by a war bonus. From one point of view I agree, had we been able to do it, had we any cost of living index which would have enabled us to do it. From another point of view I do not agree, for I hold myself strongly that the one thing which India requires is an increase in the standard of living. Sir, as a result of our action in 1919-20 combined with a period of fall in prices, I hold that there has been a remarkable increase in the standard of living in India in the last two or three years. Wages remain where they were fixed. They were fixed on the basis of prices in 1919 and 1920. Prices have fallen all over India and people are far more able than they were before to stand even this small increase in the salt tax. Every one in this Council will admit, in fact I have not heard this position seriously challenged,—every one in this House will admit that there is no objection on the economic ground to this salt tax, but the objection is political. I do not understate the political objection at all. I do realise and Government always have realised that we have placed those Members of the other House who have to face their electorates in November—we have placed them in a very difficult position by asking them to agree to an increase in an unpopular tax. We would not have done so, Sir, had we been able in any other way, in any other satisfactory way to meet our present needs. But, Sir, in this Council Honourable Members are not placed in that same difficulty, and I do appeal to the Honourable Members of this Council to come to the assistance of Government in our hour of need. I know that the possibilities, the constitutional implications in this measure weigh very heavily upon the heart of every one here. If the Honourable Members will come now to the help of Government, if on a dispassionate consideration of a very difficult problem they arrive at the conclusion that on the whole Government have done the right and the wise thing, then, Sir, I say that it is their duty to go into the lobby with the Government, and to send back a message to the Legislative Assembly that on a consideration of all the facts of the case they have come to the conclusion that the action taken by Government was right. And, Sir, who knows whether the Legislative Assembly on getting that message may not reconsider the matter and may not minimise the crisis which we all fear may be coming. Sir, it is said that we are putting a great strain upon the reforms. I believe myself that the acid test by which the reformed councils will be judged in England and in the world is by this case. The world will ask whether the reformed councils are going to rise to the occasion and again shoulder their responsibility. It is admitted that we must balance the budget. Government have done their part, and I ask the Council to do their part.

THE HONOURABLE THE PRESIDENT: The question is:

“That in sub-clause (1) of clause 2 of the Bill, after the words ‘construed as if’ the words ‘with effect from the first day of March, 1923’ be inserted, and

that for the words 'one rupee and four annas' the words 'two rupees and eight annas' be substituted."

The motion was adopted.

The HONOURABLE THE PRESIDENT: The question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the duty leviable on certain articles under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax, as passed by the Legislative Assembly and amended by this House, be passed."

The motion was adopted.

PART III.

A.—Political.

17th February 1923.

STATEMENT OF "NEW INDIA" ON RESOLUTION RELATING TO INDIAN AUTONOMY.

358. *Mr. Jamnadas Dwarkadas : (1) Has the attention of the Government been drawn to the following paragraph headed "Which is true" in *New India* of the 29th January ?

"Sir Malcolm Hailey told the Legislative Assembly that no despatch was sent by the Government of India to the Secretary of State along with the Resolution of the Assembly demanding the curtailment of the ten-year limit. But the *Bengalee's* Special Correspondent at Delhi is responsible for the statement that the wishes of the Government of India, and particularly of Lord Reading, have been overridden by Lord Peel not only in connection with the appointment of the Services Commission, but also in the matter of the proposed revision of the Reforms Act. The *Bengalee* understands that the Viceroy submitted "a reasoned despatch" to the Secretary of State "urging a further extension of the Reforms," and our contemporary is disposed to accept this statement as likely to be accurate. If it is a fact that Lord Reading's Government was in favour of an extension of the Reforms Act, it would only place the Government right with the people of India, and we are entitled to know who is our enemy and whom we have to attack. The people of India would like to know whether the statement of the *Bengalee* correspondent is accurate."

(2) Is the statement made by the Special Correspondent of the *Bengalee* true? If not, will the Government of India be pleased to state the true facts?

Mr. H. Tonkinson : The statement of the special correspondent of the *Bengalee* is not correct. The Resolution was sent to the Secretary of State with a forwarding letter only.

15th January 1922.

ALLEGED ABUSE OF LALA GULZARI LAL BY COLONEL CROFTON, NEEMUCH.

1. *Mr. Pyari Lal : (a) Has the attention of the Government been drawn to an article published in the *Government Advocate* of 25th June, 1922, under the heading "Alleged speaking of a number of Government Commissioners at Neemuch"?

(b) Is it a fact that Lieut.-Colonel Crofton, the President, Neemueh Cantonment Committee, insulted and abused Lala Gulzari Lal, a member of the Cantonment Committee, Neemueh, in a meeting of that Committee for his having signed a public Memorial for the postponement of the transfer of a local Doctor?

(c) Is the Government aware that as a protest against this "abusing" Lala Gulzari Lal tendered his resignation of the membership of the Cantonment Committee and this resignation was accepted by the Secretary, Cantonment Committee?

(d) If the reply to the above be in the affirmative, will the Government be pleased to quote the "law" under which a Secretary of the Cantonment Committee is authorised to accept the resignation of a member?

(e) Is the Government aware that the Central Provinces District Headquarters, Mhow, in their letter No. 978-3-Q.-3, dated 3rd May, 1922, wrote to Lala Gulzari Lal that Colonel Crofton will see him and come to an understanding?

(f) Will the Government be pleased to state if Colonel Crofton has since come to an understanding with Mr. Gulzari Lal?

(g) If not, will the Government state what action it has taken or it proposes to take in the matter?

Mr. E. Burdon : (a) Yes.

(b) The Government of India have received conflicting versions of the affair, but it is clear that on a certain occasion Lieutenant-Colonel Crofton made use of forcible language to Lala Gulzari Lal, and that the latter resented it.

(c) Yes.

(d) The action of the Cantonment Committee in accepting the resignation tendered by Lala Gulzari Lal was *ultra vires*, and orders have been issued directing that the acceptance of the resignation should be regularised.

(e) Yes.

(f) and (g). While not admitting that he insulted Lala Gulzari Lal, Lieutenant-Colonel Crofton has expressed his willingness to apologise, and he has been directed by Government to do so.

COMPLAINT OF MR. SAHNEY AGAINST A GUARD.

104. *Khan Bahadur Sarfaraz Husain Khan : With reference to the reply given to the question of Mr. Jamnadas Dwarkadas, No. 3, Volume III, page 23, by the Hon'ble Mr. C. A. Innes that "Departmental action has been taken against the guard of the train and the Stationmaster," will the Government be pleased to state as to what was the Departmental action that was taken against the guard of the train and the Stationmaster?

Mr. C. D. M. Hindley : The guard and stationmaster were reduced.

1st February 1923.

• MOSQUES IN NEW DELHI.

299. *Haji Wajihuddin : Has the attention of the Government been drawn to the article headed "*Nai Delhi ki masjid khatre men*" published in the vernacular organ of Lahore known as *Daily Paisa Akbar*, dated 19th January, 1923, on page 3, column 4, and whether Government propose to investigate the matter and declare its policy with regard to the safety and preservation of old mosques in question?

Mr. A. H. Ley : Government has not seen the article in question. All ruins of mosques in New Delhi are preserved from destruction. In addition those of archaeological interest are maintained and repaired, as necessary, in accordance with the advice of the Archaeological Department.

24th March 1923.

• OLD MOSQUES IN AND AROUND DELHI.

Maulvi Abul Kasem : Sir, I asked a question of which I gave private notice to the Honourable the Home Member. Will the Government be pleased to state if they have taken any steps to repair the old mosques in and around Delhi, if so, how much have they spent on the mosques which they have repaired and are they open to Moslem public?

The Honourable Sir Malcolm Hailey : I am very glad, Sir, to be able to give this information, because I think that from a number of questions which we have received on the subject an attempt has been made to create an impression that we are devoting our energies in the neighbourhood of Delhi demolishing mosques and tombs. Now we have on the contrary spent a great deal of money in the conservation and repair of Muhammadan mosques and tombs, of historic and archaeological interest, and I think perhaps the House will bear with me if I give some full details of it. In the twelve years 1911 to 1922-23, we spent :

	Rs.
On the Kutab mosques and grounds	1,38,075
On repairs to the Kadam Shariff in 1921-22	6,559
On the Khirki Mosque in 1911 to 1923	6,255
On Sher Shah's Mosque in Purana Killa in 1912-22	4,154
On the Jama Masjid in Ferozshah Kotla in 1914-22	3,029
On the Wazirabad Mosque in 1913-16	2,753
On the Moth ki Masjid in 1911-13	1,720
On Shah Abdul Nabi's Mosque on the Delhi Muttra Road in 1917-18	978
On the Chauburj Mosque on the Ridge in 1913-23	804

We have spent minor sums on the Begampuri Mosque, the Mahrauli wall mosque, Jhunan Shah's mosque at Nizamuddin, the Maulana Jamali Kamali tomb and mosque, and Shah Alam's mosque amounting in all to Rs. 1,550.

This gives a total expenditure on special works on mosques in the twelve years of Rs. 1,65,877. This does not include the annual recurring repairs which cannot be separated from the total Public Works Department expenditure on repairs.

In addition to this, Sir, we were instrumental in obtaining from His Exalted Highness the Nizam a sum of Rs. 11,000 for expenditure on the Nizamuddin buildings. Then let me take tombs.

	Rs.
On Humayun's Tomb in 1911-12 to 1922-23	60,412
Ghayazuddin Tughlak's Tomb in 1913-23	5,503
Safdar Jang's Tomb in 1914-15 and 1921-22	3,678
Nizamuddin's Tomb in 1912 to 1920	3,316
Darya Khan's Tomb in 1919-20	2,124
Sikander Lodi's Tomb in 1912 to 1916	1,753
Isa Khan's Tomb in 1911 to 1915	1,535
Adham Khan's Tomb in 1918-19	1,526

Smaller sums spent on Razya Begum's tomb, the Pir Ghajib, and Farid Murtaza Khan's tomb amounted to Rs. 631. Including an expenditure of Rs. 1,17,651 in the nine years 1914-15 to 1922-23 on the maintenance of the gardens attached to the Humayun, Isa Khan and Safdar Jang tombs, the total expenditure comes to Rs. 1,98,129. As in the case of the mosques this does not include the ordinary annual repairs expenditure. We have, I may add, been in the receipt of comments based on the belief that we had spent considerable sums of money on Hindu temples and Sikh shrines and had spent nothing on Muhammadan monuments and mosques. But this is incorrect; we have spent nothing on the former objects in the New Delhi area. We are, it is true, repairing the wall round the Rikabgunj Quidwara, but that is part of the ordinary lay out of the New City.

B.—Indians Overseas.

ELECTIONS IN KENYA.

Mr. Jamnadas Dwarkadas : Sir, before the House proceeds with the business on the agenda, I should like to ask your permission to ask a question, an important question, of which I have given private notice to the Honourable Member for Revenue and Agriculture. I may inform you, Sir, that the Government have kindly consented to answer this question at short notice. Have I your permission to ask it. (Here the Deputy President nodded assent). The question runs thus:—Has the attention of the Government of India been drawn to a report in the Press that the elections to the Legislative Council in Kenya will be held in February? In view of the fact that no decision has yet been announced on the general question of franchise in that Colony, and

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the grave concern which is felt by the Indian community both in Kenya and in this country over the matter, will the Government be pleased to press for an early decision so as to enable the Indian community to participate in the elections?

Mr. J. Hullah : Yes. The Government of India have telegraphed to the Secretary of State asking him, if necessary, to obtain the postponement of the next general election until Indians are able to participate.

Mr. Jamnadas Dwarkadas : Can the Government throw any further light on this question? Is it likely that the elections will be postponed?

Mr. J. Hullah : I have no official intimation to that effect, but I see in this morning's Reuter's telegram a statement that "it is thought that it will be in the interests of all parties to delay the elections for the Kenya Council in order to give ample time for the consideration of the proposals and for holding the next election on any new electoral basis which may be adopted."

30th January 1923.

POSTPONEMENT OF GENERAL ELECTION IN KENYA.

Mr. J. Hullah (Revenue and Agriculture Secretary): With your permission, Sir, I should like to make an announcement, which I think will be of interest to the House in view of the numerous questions that were recently put to me, on more than one occasion, regarding the political situation in Kenya and the possibility of postponing the general election until the question of the franchise has been settled. Have I your permission, Sir?

Mr. President : Yes.

Mr. J. Hullah : We have received this morning from the Secretary of State for India a telegram informing us that the Secretary of State for the Colonies has authorised the Governor of Kenya to make an announcement in the following terms :

"The unavoidable delay in settling outstanding questions including that of Indian representation has made it necessary for the Secretary of State to choose between a postponement of the general election and dissolution of the new council after its election. In adopting the former course the Secretary of State has been influenced by the fact that from the date of his predecessor's original attempt to secure a settlement by agreement it has been intended that the new constitution should be framed in time for it to be brought into force on the occasion of the general election now due."

22nd March 1923.

INDIAN DELEGATION FROM KENYA TO LONDON CONFERENCE.

Sir Deva Prasad Sarvadhiary : I ask a question, Sir, of which the Honourable Mr. J. Hullah has private notice. It is as follows :

"Will the Government be pleased to say whether the Secretary of State for the Colonies has acceded to the request of Indians in Kenya that their representatives should be heard at the forthcoming conference in London regarding the affairs in that Colony?"

Mr. J. Hullah : Evidently the Secretary of State for the Colonies, has acceded to that request, for we have just received a telegram from the Secretary of State for India as follows :—" I have ascertained that the Indian delegation from Kenya will be treated on the same footing as the European delegation. First class travelling allowance and subsistence allowance at the rate sanctioned for Europeans is being granted to the Indians up to the same number as the European delegation, that is 3 or 4 as the case may be, if the Indians wish to send more than 2 representatives.

Sir Deva Prasad Sarvadhikary : Would that apply to the deputation sent from India?

Mr. J. Hullah : The telegram refers only to the deputation of Indians from Kenya.

EMIGRANTS FOR FIJI.

43. **Mr. B. Venkatapatiraju :** Will the Government be pleased to state the circumstances under which emigrants are recently permitted to leave Bengal for Fiji?

Mr. J. Hullah : No emigrants, as defined in the Indian Emigration Act, 1922, have been permitted to leave Bengal recently. I may, however, add, for the Honourable Member's information, that 781 Indians, travelling as ordinary passengers outside the Indian Emigration Act, left Calcutta for Fiji during 1922. This number included 152 return emigrants, who proceeded to Fiji defraying the cost of passages themselves.

C.—Services.

15th January 1923.

INDIANS IN THE INDIAN MEDICAL SERVICE.

35. ***Rai Bahadur Bakshi Sohan Lal :** (a) Is the Government aware that a large number of qualified Indian Medical men are still in temporary Indian Medical Service waiting for appointment by nomination to the permanent cadre of Indian Medical Service?

(b) Will the Government be pleased to state if there are any more Indians to be taken into the permanent cadre of Indian Medical Service and, if so, the dates about which the selection is to be made?

Mr. E. Burdon : (a) There are still many Indian officers temporarily employed in the Indian Medical Service but the Government are unable to say how many of these desire to obtain permanent commissions..

(b) More Indians will be taken into the Indian Medical Service but no precise date can be given. During the last four years 91 Indians have received permanent appointments.

Sir Deva Prasad Sarvadhikary : May I ask a Supplementary Question, Sir? In making these thirty appointments recently by the Secretary of State, were the claims of those who had already served as Temporary Officers taken into consideration in the way that the Honourable Sir Malcolm Hailey has been good enough to tell us to-day that temporary services are taken into consideration in making permanent appointments in the departments of which he spoke?

Mr. E. Burdon : The number of permanent officers at present in the Service, when the thirty officers to whom the Honourable Member just referred have been appointed, would be less than the authorised cadre in the Indian Medical Service.

Sir Deva Prasad Sarvadhikary : I am afraid, Sir, that is not my question. I shall repeat it. In making these 30 appointments, did the Secretary of State take into consideration the claims of those who had served as temporary officers and whose services had the first claim on the Secretary of State according to the proposition to which the Honourable Sir Malcolm Hailey has agreed in answering another Supplementary Question this morning?

Mr. E. Burdon : The claims of the temporary officers were taken into consideration.

Mr. T. V. Seshagiri Aiyar : Of these 30 people who will soon be coming in, would any of them replace the existing temporary officers who have been promoted from the Provincial Service; would any of these 30 men replace the men already in the Provincial Service?

Mr. E. Burdon : I cannot say definitely off hand. I should like to have notice of the question.

16th January 1923.

APPOINTMENTS TO INDIAN MEDICAL SERVICE ON SPECIAL TERMS.

81. ***Rai Bahadur Bakshi Sohan Lal :** (1) Will Government be pleased to state how far is it correct that it is proposed to appoint 30 Europeans in the Indian Medical Service on special terms which include the right to retire on a gratuity of £1,000 with free return passages on the completion of five years service if they no longer desire to remain in the service?

(2) If so, will the Government be pleased to lay on the table for the information of this Assembly the proposal on the subject together with the legal authority for the same and all the correspondence between the Government of India and the Secretary of State which has led to the proposal?

(3) Will the Government be pleased to state :

(a) for whose special benefit and at whose application or suggestion this special form of Indian Medical Service reserved for Europeans exclusively is to be introduced in this country,

(b) whether any Indian or Anglo-Indian holding equal or higher qualifications is eligible for this service,

(c) from what date men belonging to this service are to be engaged and whether they are to be engaged under the Covenanted Indian Medical Service Regulations or under special contracts to be entered into with each individual?

(4) Whether it is proposed to obtain the sanction of any of the Indian or Provincial Legislatures in the matter before it is enforced in India.

(5) Whether the cost of this special Indian Medical Service is to be borne by the Indian Exchequer or by any European Exchequer.

Mr. E. Burdon : (1) The facts are as stated by the Honourable Member in this part of his question. The gratuity of £1,000 which is to be paid if the officer ceases to remain in the service after 5 years, will be in lieu of pension.

(2) The Government of India do not propose to lay the correspondence on the table. No special legal authority for the measure is required.

(3) (a) and (b) No special Indian Medical Service is being introduced. The measure which forms the subject of the Honourable Member's question is designed purely and simply to remedy the very serious deficiency in current recruitment of European officers for the Indian Medical Service.

(c) Officers will be selected and engaged under the special terms mentioned in the first part of the Honourable Member's question, as candidates present themselves. Apart from these special terms, the officers appointed will serve under the Indian Medical Service regulations as regards pay, allowances, etc.

(4) The answer is in the negative.

(5) The cost of these 30 officers for the Indian Medical Service, if obtained, will be borne by Indian revenues and will be met from the normal provision for expenditure on the service. They will be within the authorised cadre.

Mr. T. V. Seshagiri Aiyar : Why was it considered necessary to dispense with the ordinary examination in recruiting for this year?

Mr. E. Burdon : Because candidates were not forthcoming.

Rao Bahadur T. Rangachariar : Were the Ministers in charge of this Department consulted in this matter?

Mr. E. Burdon : Questions of recruitment do not come before the Ministers.

Rao Bahadur T. Rangachariar : Were they consulted?

Mr. E. Burdon : No.

Mr. T. V. Seshagiri Aiyar : If it was considered that by examination the Government would not be able to get a large number of men from England, why did they not have recourse to filling these posts by qualified men in this country and why should they have gone to England to recruit men without examination.

Mr. E. Burdon : As I have already explained, the sole reason for the measure was the necessity to remedy the very serious deficiency in current recruitment of European officers for the Indian Medical Service.

Mr. K. G. Neogy : Is there any fixed maximum proportion for Indians in the permanent cadre of the service?

Mr. E. Burdon : No ; not at the moment, but I may mention that during the past 4 years 91 Indian officers have been appointed to the Indian Medical Service and 59 European officers.

Mr. K. C. Neogy : Will the Honourable Member refer to question No. 170 of the 15th September 1921 and Question No. 485 of the 21st of September 1921 in reply to which it was stated that the question of fixing the maximum proportion for Indians in the permanent cadre was under the consideration of the Government of India and the Secretary of State. I want to know what has happened with regard to that matter.

Mr. E. Burdon : The matter is still under consideration.

Mr. K. C. Neogy : Is the Honourable Member aware that in reply to Question No. 485 of the 21st September 1921 it was stated that the policy of the Government of India is towards the liberal employment of Indians in the Indian Medical Service? How far has the present recruitment of Englishmen by nomination been in conformity with that principle?

Mr. E. Burdon : As I stated a few moments ago, in the last four years, 91 Indian officers and 59 European officers have been appointed to the Indian Medical Service.

Mr. K. C. Neogy : That adds nothing to my knowledge, I am afraid.

Mr. Harchandrai Vishindas : Is it not a fact that these 91 Indian officers were appointed as a special measure during the war and some of these officers have now been done away with?

Mr. E. Burdon : No. The 91 officers whom I mentioned have been given permanent Commissions in the Indian Medical Service. They are quite distinct from those temporarily employed in the Indian Medical Service, the number of whom is much greater.

Sir Deva Prasad Sarvadhikary : Will the Government state what their reasons were for giving these special terms, apart from the question of candidates not presenting themselves in sufficient number? Were there any special reasons why these markedly special terms had to be offered?

Mr. E. Burdon : It was merely a question of the market rate which it is necessary to give in order to obtain the officers.

Mr. B. S. Kamat : Were these appointments made with the full concurrence of the Government of India?

Mr. E. Burdon : The facts have already been fully stated.

Mr. K. B. L. Agnihotri : How long will this matter about the proportion of Indians in Indian Medical Service appointments be under the consideration of the Government?

The Honourable Sir Malcolm Hailey : Until we arrive at a decision.

Mr. N. M. Samarth : Is the beginning of the end of the consideration in view?

The Honourable Sir Malcolm Hailey : Of course the beginning is in view.

15th January 1923.

MEMORIALS FROM MEMBERS OF THE INDIAN CIVIL SERVICE.

36. *Rai Bahadur Bakshi Sohan Lal : (a) Has the attention of Government been drawn to the references that have been made in the Indian newspapers as to the memorials submitted by the members of Indian Civil Service from different Provinces to the Secretary of State for India in Council?

(b) If so, will Government be pleased to place copies of the memorials on the table together with the remarks, if any, of His Excellency the Governor-General thereon?

The Honourable Sir Malcolm Hailey : (a) The Government are not sure what references in the newspapers the Honourable Member has in view. Memorials have been submitted by members of the Indian Civil Service in the various provinces to the Secretary of State in Council and there have been numerous references in the Press to questions relating to the all-India services including the Indian Civil Service.

(b) The answer is in the negative.

Sir Deva Prasad Sarvadhikary : A Supplementary Question, Sir? Has there been any reference to the Secretary of State without any reference to the Government of India from any province? If so, what action has the Secretary of State or the Government of India taken on that?

The Honourable Sir Malcolm Hailey : I shall be able to answer that question if the Honourable Member will inform me as to what he means by a representation to the Secretary of State and on what matter?

Sir Deva Prasad Sarvadhikary : Representation regarding grievances of the services from any particular province or jointly?

The Honourable Sir Malcolm Hailey : The Honourable Member asks me whether there has been any representation from the services to the Secretary of State. As far as I am aware, memorials sent direct to the Secretary of State are invariably returned by him for submission through the proper channel. If any such memorials had reached the Secretary of State and had not been so returned to the memorialists for submission through the proper channel, I should naturally have been unaware of the fact.

3rd February 1923.

HIGH COMMISSIONER IN ENGLAND.

Mr. T. V. Seshagiri Aiyar (Madras: Nominated Non-Official): Sir, before asking the question of which I have given private notice, may I with your permission, Sir, convey to the Government of India through the Honourable the Commerce Member our thanks for having appointed an Indian to the high office of High Commissioner in England, and for having made an excellent choice. Sir, the question of which I have given notice is this: What is to be the pay of the new High Commissioner in England?

The Honourable Mr. C. A. Innes (Commerce and Industries Member): With your permission, Sir, I will thank Mr. Seshagiri Aiyar for the remarks he has made. I need only say that we are quite satisfied that we could not have made a better selection for this high office.

As regards Mr. Seshagiri Aiyar's question, the answer is that the salary of the post has been fixed at £3,000 per annum.

Mr. T. V. Seshagiri Aiyar: What was the pay of the late High Commissioner, and had he a pension in addition to the pay?

The Honourable Mr. C. A. Innes: His pay, Sir, was £3,000 per annum and he did not draw his pension in addition.

Mr. Jamnadas Dwarkadas (Bombay City: Non-Muhammadian Urban): Sir, as my Honourable friend, Mr. Seshagiri Aiyar, has made a reference to the appointment of an Indian as High Commissioner, may I, on behalf of the National Party, also express our gratitude to the Government for the appointment of an eminent Indian to the post of High Commissioner. And I may also add that in the opinion of the National Party there is hardly an Indian more fitted for the post in the whole of India than Mr. Dalal.

D.—Financial.

18th January 1923.

REVERSE COUNCIL BILLS.

191. ***Mr. J. Chaudhuri**: Have the Government of India made up the amount of the losses that were incurred over the sale of the Reverse Council Bills? If so, will they be pleased to state the amount?

The Honourable Sir Basil Blackett: It has been calculated that the loss on the sale of Reverse Councils in 1920, *i.e.*, the difference between the number of rupees received in India and the cost at which the funds for meeting the Reverse Councils were remitted to England, amounts to between 28 and 29 crores of rupees. A Memorandum on Exchange gains and losses during the five years 1917-18 to 1921-22 inclusive is about to be published in response to a request which was made in the other House last year.

Mr. T. V. Seshagiri Aiyar : As regards the sales of Council Bills now being advertised, do the Government expect to profit out of these, or are they likely to have the same result as in 1920 ?

The Honourable Sir Basil Blackett : The question of profit and loss in exchange is rather a difficult one to answer questions about, when you have a rate for accounting purposes which is 2 shillings and a rate of something like 1s. 4d. obtaining in the market. There is obviously a theoretical loss as compared with the 2s. rate ; on the other hand, at the present moment exchange is being sold at something over 1s. 4d. and there is obviously a gain as compared with 1s. 4d.

Mr. T. V. Seshagiri Aiyar : Why are Government advertising for the sale of Reverse Councils ?

The Honourable Sir Basil Blackett : These are not Reverse Councils. They are Council Bills, and, as was publicly stated at the time, the sole purpose of the sale of Council Bills at the present moment is to put the Secretary of State in funds for the purpose of meeting Indian expenditure at Home, and it does not imply a decision for or against any particular policy.

Mr. Jamnadas Dwarkadas : What will be the effect of the sale of Council Bills on imports and exports ?

The Honourable Sir Basil Blackett : That is certainly a question of opinion, but obviously what the sale of Councils at the present moment is doing is to pay for a certain number of exports.

Mr. J. Chaudhuri : Is it not the proper thing when exchange shows an upward tendency ? It does not prejudice Indian finances ?

The Honourable Sir Basil Blackett : I do not think that question really arises, but perhaps I may be allowed to express the opinion that it is better, if you have to remit, to take advantage of the moment when exchange is there than to be forced to remit at a moment when exchange is not there.

22nd February 1923.

COUNCIL BILLS.

Mr. Jamnadas Dwarkadas : Sir, have I your permission to put a question to the Honourable the Finance Member of which I have given him private notice ? The question is this : Has the amount of Council Bills offered for tender last week and this been reduced from Rs. 75 lakhs to Rs. 50 lakhs ? If so, what is the principle underlying these fluctuations in the application of the policy of the sale of Council Bills by Government ?

The Honourable Sir Basil Blackett : The answer to the first part of the question is yes. The principle underlying the fixing of the amount of Council Bills put up for tender each week is that an endeavour is made to follow the course of the market and to put up such an amount as is likely to be sold at satisfactory rates.

Mr. Jamnadas Dwarkadas : One more supplementary question. Why should the business of remitting money to London not be done in India by

the Government of India,—why should the Secretary of State and the Bank of England do the business, as they do at present?

The Honourable Sir Basil Blackett : I think the obvious reason is that it has always been done so ; on the spur of the moment I have not any other reason to give.

Mr. Jamnadas Dwarkadas : One more supplementary question. Does the Honourable the Finance Member think that that is a good reason that it has been done so ? Could he not do the business better himself in India instead of it being done for him in London ?

Mr. President : That is a matter of debate, not for question and answer.

15th January 1923.

ALLOCATION OF EXPENDITURE ON INDIA OFFICE.

75. * **Mr. K. C. Neogy :** (a) Will Government be pleased to state the details of the allocation of expenditure on the India Office, between India and the British Treasury, under the Government of India Act, 1919 ?

(b) Is it a fact that it was arranged that for a period of five years from the 1st April, 1920, the British Treasury should make to the India Office an annual lump sum contribution of £136,000 in addition to the salaries of the Secretary of State and the Parliamentary Under-Secretary, making a total of £142,500 per annum ?

(c) Is it a fact that, as stated at page 96 of the Second Interim Report of the Committee on National Expenditure (Geedes Committee), in spite of the said arrangement, India has voluntarily offered to accept a reduced grant of £120,000 for 1922-23, and this offer has been accepted ?

(d) If answer to clause (c) be in the affirmative, will Government be pleased to state when and on what grounds was this offer made on behalf of India, and to lay on the table a copy of the communication addressed to them in conveying the said offer ?

The Honourable Sir Basil Blackett : Before I answer this question. I should like, with your leave and with the leave of the House, to express my sincere thanks for the very kind and flattering welcome which was extended to me yesterday. I should not have myself let 24 hours elapse had I realized that none of my questions would be reached yesterday. It is a great encouragement to be received in your midst as I was received yesterday, but my natural optimism, great as it is, will not rise to the idyllic picture of every Member of the House agreeing with every other Member and with the Finance Member on revenue and expenditure, or of a Finance Member who is loved by all. None the less I look forward with great pleasure to sharing the labours of this House with them and facing with them the many financial problems which confront India at the present time : and I take the words that were spoken as an augury that, while we may sometimes perhaps differ after all on some points of detail, we shall all work together with one object, that is, to serve India.

(a) and (b) The arrangements under section 30 of the Government of India Act are as follows:

- (1) The salaries of the Secretary of State and the Parliamentary Under Secretary, amounting to £6,500 a year are borne by His Majesty's Treasury and included in the Home Civil Service vote.
- (2) The Treasury makes to the India Office an annual contribution equivalent to that part of the total estimated cost of the India Office (exclusive of the salaries of the Secretary of State and the Parliamentary Under Secretary) which is attributable to the administrative, as distinct from the agency, work of the Office.
- (3) Of this annual contribution, a sum of £40,000, which the Treasury was contributing towards the cost of the India Office previous to the Government of India Act of 1919, in accordance with the recommendations of the Welby Commission, does not take the form of a direct payment, but has been indirectly allowed for in adjustments between the two departments in respect of certain divisible charges.

The direct contribution by the Treasury, *i.e.*, exclusive of the salaries of the Secretary of State and the Parliamentary Under Secretary and of the indirect contribution of £40,000 was fixed in 1920 at £90,000 a year for the period of five years from 1st April, 1920. It was subsequently raised with the concurrence of the Treasury to £136,000 a year. Contributions were made at the latter rate for the years 1920-21 and 1921-22.

(c) and (d) In pursuance of their policy of retrenchment in public expenditure the Treasury asked in 1921 that the above agreement should be modified in view of the reduction then anticipated in the cost of the India Office, as compared with the cost on which the contribution was previously fixed. The Secretary of State agreed to accept a contribution of £113,500 per annum (exclusive again of the salaries of the Secretary of State and the Parliamentary Under Secretary and of the indirect payment of £40,000) for 1922-23, 1923-24 and 1924-25 on the Treasury undertaking that no further reduction would be pressed for. The latest estimates for 1922-23 show that the direct contribution should have been about £122,000 for that year, the economy and reduction of staff anticipated by the India Office not having been fully realised. The provisional estimate of India Office expenditure for 1923-24 shows, however, a reduction of £20,000 in the above figure and this, together with the anticipated further reduction in 1924-25, should enable the deficiency in the contribution for 1922-23 to be fully recouped.

INDIA'S WAR DUES.

192. *Mr. J. Chaudhuri : (a) What was India's total war dues from England at the close of the financial year 1919-1920 in rupees at the then current rate of exchange and how and when have the same been paid and how much has been credited to Indian revenue in all in equivalent of rupees ? (b) What losses, if any, has India suffered owing to fall of exchange in respect of such war transactions ?

The Honourable Sir Basil Blackett : (a) and (b) The amount due to the War Office to the Government of India (including expenditure incurred in England by the India Office on behalf of the War Office) at the end of 1919-20 was £715,316. This amount was repaid by the War Office in April, 1920. The outstanding amount was for March, 1920, when the rate of exchange was 2s. 9d. the rupee and at the time of payment the rate was 2s. 8d.

The claims against the War Office were converted at the rate of exchange current for the month or period in which the expenditure was incurred by the Government of India and there was therefore no loss on exchange on the transactions.

EXPENDITURE ON N.-W. FRONTIER EXPEDITIONS.

193. * Mr. J. Chaudhuri : Will the Government be pleased to state the total expenditure incurred in connection with Waziristan and other North-West Frontier expeditions from 1920 to the end of 1922 ?

Mr. E. Burdon : The total military expenditure incurred in connexion with the North-West Frontier and the occupation of Waziristan, including the Wana Column, during the years in question, was as follows :

	North-West Frontier Expeditions.	Occupation of Waziristan and Wana column.
	Rs.	Rs.
1920-21	6,81,80,581	14,40,10,480
1921-22	8,76,544	6,02,79,139

The figures under North-West Frontier expeditions for 1920-21 represent arrear charges on account of the Afghan War and those for 1921-22 re-adjustments on account of the Afghan War.

26th January 1923.

EXPENDITURE ON WAZIRISTAN OPERATIONS.

268. * Mr. P. L. Misra : Will Government be pleased to lay on the table the following information :

- (a) Expenditure incurred during the last three years (year by year) on the Waziristan operations ;
- (b) Loss of life as regards—
 - (1) British officers and soldiers,
 - (2) Indian officers and soldiers ?

Mr. E. Burdon : (a) Prior to the year 1920-21, expenditure on the Military occupation of Waziristan was not distinguished in the accounts from expenditure on North-West Frontier operations generally. In 1920-21, the expenditure on Waziristan, including the Wana Column, amounted to approximately Rs. 14,40,00,000 and in 1921-22 to approximately Rs. 6,93,00,000.

(b) The information desired by the Honourable Member is being compiled and when it is ready I will communicate it to the Honourable Member.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): May I ask a Supplementary Question, Sir? Is it not a fact that His Excellency the Viceroy, Sir William Vincent and Mian Sir Muhammad Shafi went to the North-West Frontier Province after we had dispersed when the September Session was over in Simla to review the situation?

E.—Army.

14th February 1923.

ADMISSION OF INDIANS TO MILITARY, NAVAL AND AIR FORCES.

121. The HONOURABLE MR. PHIROZE SETHNA: (a) Will Government be pleased to say what reply they have received from the Secretary of State for India on the subject of the Resolution adopted by the Legislative Assembly *re* the admission of Indian subjects to all arms of His Majesty's Military, Naval and Air Forces in India?

(b) Will Government be pleased to lay on the table all correspondence on the subject?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) and (b) The Resolution which the Honourable Member quotes contained a number of separate recommendations, and I lay on the table a statement which indicates briefly the action so far taken in regard to each. The Government do not propose to lay on the table the correspondence on the subjects in question.

Statement indicating the action taken by Government on the various recommendations contained in the Resolution adopted by the Legislative Assembly on the subject inter alia of the admission of Indians to all arms of His Majesty's forces in India.

(i) As the Honourable Member is aware, Indians are admitted to commissioned rank in the Indian Army. The question of admitting them to the Royal Artillery and Royal Engineer Services in India and to the ancillary services is under consideration. The request that Indians should be admitted to the Auxiliary Force has been met by the creation of the Territorial Force. The question of admitting Indians to the Royal Air Force is under consideration. As regards the Royal Indian Marine, Indians are already eligible for admission to all ranks of this service, and further measures relating to this question will be considered by a Committee which has been appointed in pursuance of the Resolution moved in the Legislative Assembly by Sir P. S. Sivaswamy Aiyer on the 12th January 1922 and accepted by Government.

(ii) The recommendation that every encouragement should be given to Indians, including the educated middle classes, to enter the commissioned ranks of the Army, has been given effect by, amongst other things, the establishment of the Prince of Wales' Royal Indian Military College at Dehra Dun.

(iii) The practice of associating un-official Indians with the provincial authorities which nominate candidates for Sandhurst is in force.

(iv) In selecting candidates for Sandhurst, every consideration is given to the claims of those communities which furnish recruits to the Army. The claims of officers who hold the Viceroy's Commission are in practice recognised to the extent which is considered suitable.

(v) The question of increasing the proportion of King's Commissions granted annually to Indians is under consideration.

INDIAN ARMY RESERVE OF OFFICERS.

122. The HONOURABLE MR. PHIROZE SETHNÁ : (a) Will Government be pleased to state if the Secretary of State for India has sanctioned the reconstitution of the Indian Army Reserve of Officers as recommended by the Esher Committee ?

(b) If so, has the question of incidence of cost been adjusted between the Home and Indian Governments as proposed by the Committee ?

(c) What will be the increase in the military expenditure of India as a result of such reconstitution ?

(d) Are Government prepared to incur such additional military expenditure in view of the present financial condition of the country and of the general demand for the reduction of military expenditure ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) The reconstitution of the Reserve of Officers which has recently been sanctioned by the Secretary of State follows generally the principles recommended for adoption by the Esher Committee.

(b) Under the arrangements as finally adopted, no liability attaches to His Majesty's Government, as the Reserve of Officers to be created will be solely for Indian requirements. The Reserve of Officers for duty with British units will not be trained with regular troops, and no expenditure on this account will be incurred.

(c) It is estimated that the ultimate cost of the Reserve, when the full authorized establishment has been reached, will be 4 lakhs of rupees per annum. Before the war, the number of officers in the Reserve never exceeded 42 in all, and in consequence the expenditure then entailed was trifling.

(d) It is not anticipated that the authorized establishment will be reached during the coming year, and for the financial reasons indicated by the Honourable Member, it will not be possible to provide funds for the annual training in 1923-24 of all officers who may be admitted to the Reserve. The amount of money which can be allotted for this purpose has not yet been determined.

19th February 1923.

MAINTENANCE OF STANDING ARMY IN INDIA.

382. *Mr. P. P. Ginwala : With reference to the answer to my question No. 3, dated the 15th January 1923 (*re* the Statutory or other authority under which the Governor General in Council maintained a Standing Army in India), will the Government be pleased to state :

(a) Whether it is not the fact that all the three Statutes therein cited have been repealed by the Government of India Act ?

(b) If the answer to (a) is in the affirmative, whether it is not the fact that there is no express statutory authority for the maintenance of a Standing Army in India ?

(c) If the answer to (b) is in the affirmative, under what other authority is the Standing Army in India maintained ?

Mr. E. Burdon : I wish in the first instance to express my regret that the reply which I gave to the question on the same subject asked by my Honourable friend on the 15th January last was incorrect. This was due I need hardly say, to inadvertence, and the Honourable Member's present question gives me an opportunity of setting the matter right. The answer to his question is as follows :

(a) Of the three Statutes referred to, the East India Mutiny Act, 1754, was repealed by the Statute Law Revision Act, 1867, while the Government of India Act, 1833, and the Government of India Act, 1858, were repealed by the Government of India Act, 1915.

(b) Yes.

(c) Under the inherent power of the Crown.

14th March 1923.

INDIANIZATION OF EIGHT UNITS OF THE INDIAN ARMY.

Mr. T. V. Seshagiri Aiyar (Madras : Nominated Non-Official) : May I ask the Honourable the Army Secretary a question of which I have given him private notice ? Will he be pleased to lay before the House and to explain to the House, the scheme regarding the Indianisation of the 8 Units which was promised sometime ago ?

Mr. E. Burdon (Army Secretary) : Sir, I have been asked to furnish the House with a statement giving full details, and explaining the implications, of the scheme for the Indianization of 8 units of the Indian Army, which was recently announced to this Assembly by His Excellency the Commander-in-Chief. I have accordingly had a statement prepared, which, with your permission, I propose to lay on the table. It shows exactly how the scheme will be put into operation and the conditions which govern the matter. For the convenience of Honourable Members, and in order to enable the whole question to be readily understood, I have embodied in the statement a brief account of the system of organization of an infantry battalion and a cavalry regiment of the Indian Army, in so far as their establishment of King's commissioned officers is concerned ; and also a brief account of the system which governs the promotion of King's commissioned officers of the Indian Army up to and including the rank of Lieutenant-Colonel.

STATEMENT EXPLANATORY OF THE SCHEME FOR THE INDIANIZATION OF 8 UNITS OF THE INDIAN ARMY.

I. The units selected for Indianization are—

Cavalry.

7th Light Cavalry, 1st 2nd Light Cavalry, Madras.
14th Light Cavalry, 1st 2nd Light Cavalry, Madras.

Infantry.

2-1st Madras Pioneers, late 64th Pioneers.

4-19th Hyderabad Regiment, late 98th Infantry, Hyderabad.

5th Royal Battalion, 5th Mahratta Light Infantry, late 117th Royal Mahrattas.

1-7th Rajput Regiment (Q. V. O. L. I.), late 2nd Q. V. O. Rajputs.

1-14th Punjab Regiment, late 19th Punjabis.

2-1st Punjab Regiment, late 66th Punjabis.

2. An Indian Infantry battalion has the following establishment of King's commissioned officers :—

Appointment.	Rank.	Number.
Commandant	Lieutenant-Colonel or Colonel	1
Second in Command	Lieutenant-Colonel or Major	1
Company Commander	Captain or Major	4
„ Officers	Lieutenant or Captain	4
Adjutant	Ditto	1
Quartermaster	Ditto	1
		12

The posts of Adjutant and Quartermaster are filled by selection from officers of the unit. Generally speaking, the most efficient of the senior subalterns fill these posts. The establishment of King's commissioned officers of a cavalry regiment is on lines closely similar to the above. The designation of certain of the appointments is different; for example, a Squadron Commander and a Squadron Officer in a cavalry regiment correspond to the Company Commander and the Company Officer of an infantry battalion.

3. King's commissioned officers in the Indian Army receive promotion up to and including the rank of the Lieutenant-colonel according to a time-scale, subject, in the case of each step, to certain prescribed examinations being passed. A King's commissioned officer should normally enter the Indian Army in the rank of Lieutenant at the age of 20 years. He receives promotion to Captain after 9 years' service, to Major after 18 years' service, and to Lieutenant-Colonel after 26 years' service. Details of the retention and promotion examinations which have to be passed are given in Appendix A to this statement. In addition to the prescribed tests and qualifications exacted from each individual officer, there are certain other subjects, included in the training of the soldier, in which a proportion of officers of every regiment must be specially trained; for example, physical training, including athletics, gymnastics and mental development; machine gun fighting; signalling, including the use of electrical appliances, etc. Further, in order to qualify for the post of Adjutant, a special certificate in musketry has to be obtained; and while, as has been shown, promotion to Lieutenant-Colonel is obtained by length of service and after passing certain qualifying examinations, the command of a unit is only given to those Lieutenant-Colonels who are selected *ad hoc* by the Selection Board. The Commandant of an infantry battalion is required to vacate his command on attaining the age of 52 years; and the Commandant of a cavalry regiment is similarly required to vacate his command on attaining the age of 50 years.

4. A list of Indian officers who already hold King's commissions in the Indian Army is given in Appendix B to this statement. These officers have been classified as follows :—

Table A.—Indore students who received their first commissions when over 26 years of age.

Table B.—Direct commissioned officers who received their first commissions when over 26 years of age.

Table C.—Previously commissioned officers who received their first commissions when over 26 years of age.

Table D.—Indore students who received their first commissions at the age of 26 years and under.

Table E.—Sandhurst cadets and others who received their first commissions at approximately the same age at which a British officer enters the army.

The tables show also the dates on which each officer would qualify for promotion to Captain, Company Commander, and Major, according to the time-scale and the normal course of promotion; and in each case, the age of the officer on these dates. It will be seen that many of these officers, having received their first commission at an age much greater than the normal age, cannot hope for a normal career in the Indian Army. To indicate an extreme case, there is one officer who would be over 57 years of age before he could qualify for the command of a Company in the rank of Major, according to the prescribed tests applicable to all British officers. As previously stated, an officer is required to vacate the command of an infantry battalion on attaining the age of 52 years. It follows therefore that, for the purpose of officering, with Indian officers holding the King's commissions, the 8 Indianizing units, it will be desirable to rely mainly on those Indian officers who have obtained their first commission at approximately the same age as a British officer and can therefore hope to reach the highest posts within the age limits laid down. Of this class there are already 21 in the army.

5. It has accordingly been decided that 8 of the Indian officers of suitable age will be transferred at once as Company or Squadron Officers, one to each of the 8 units destined for Indianization, replacing in each unit a British Company or Squadron Officer who will be transferred elsewhere. In 1924, another batch of 8 Indian officers will be similarly transferred, replacing an equal number of British officers. In 1925, the same process will be repeated. But in that year the officers already available will be completely absorbed, and the numbers will in fact have to be made up by young Indian officers who have in the meantime qualified at Sandhurst. According to the process stated, at the beginning of 1927, all Squadron or Company officers of the Indianizing units will be Indians; the senior of these will be about 29 years of age and will have about 6 years' service. At this stage the situation will arise that any further postings in accordance with the process laid down would entail the appointment of the senior amongst these Indian officers to the command of Squadrons or Companies. These will be, in comparison with the officers of non-Indianizing units, young and relatively inexperienced. The nature of the further step will necessarily depend upon the Development which has taken place in the interval.

6. Indian officers at present serving in the Indian Army who, for the reasons stated above, are not posted to Indianizing units, would ordinarily be passed to the non-effective list in the usual manner. A proposal is under consideration that their services should be utilized by appointing them thereafter to the Territorial Force, a course which might be of distinct benefit to the State.

7. The earliest date by which the 3 units could be completely officered by Indian officers holding the same qualifications as are laid down in respect of British officers and having had the same advantages of training and experience as British officers, would be approximately 22 to 23 years from the present time. It might be possible to shorten this period to some extent if Indian officers of outstanding capacity come to the front during the process of development. Exceptional promotion could conceivably be given to such officers, since unusually rapid promotion has actually to be given in war time to specially good officers and men who are required to replace casualties. But the expedient could not be relied upon as a normal procedure: It would never be relied upon as a normal procedure in the case of British officers. The question would be not merely one of studying the pace of Indianization; the first obligation of the Government would be to study the safety and efficiency of the units under Indianization; and from this point of view, it would not be right, and it would not be prudent, to impose on an Indianizing unit a system which would never normally be imposed upon a British unit or a non-Indianizing unit of the Indian Army. Finally, there is the consideration that it might not be regarded as fair to place upon the first generation of Indian officers of the Indianizing army a burden of responsibility which normally a British officer of corresponding age and experience would never be asked to shoulder. Essentially, special promotion, such as has here been indicated, could only be given on the merits of individual cases. It is patently impracticable to attempt to regulate the matter by any *a priori* formula.

A question has been asked whether the experiment is to be fully tried before the next step is taken, that is to say, in dealing with the other units of the Indian Army. The point is one on which Government are not in a position to make a statement. It would obviously be premature to do so. The first measure of Indianization has only now been embarked upon, and the developments to which it may lead cannot be foreseen or foretold.

APPENDIX A.

EXAMINATIONS WHICH KING'S COMMISSIONED OFFICERS OF THE INDIAN ARMY ARE REQUIRED TO PASS FOR RETENTION IN THE INDIAN ARMY AND FOR PROMOTION.

I.—*Examination for retention in the Indian Army.* (To be passed within 3 years of appointment).

1. Preliminary test in Urdu (equivalent to the old Higher Standard Hindustani).
2. (a) Drilling a regiment of cavalry or battalion of infantry.
- (b) Regimental duties, including matters relating to discipline, interior economy, pay and pensions, double company accounts and books, arms, ammunition, and equipment, supply of clothing and necessities, the classes of which the corps is composed and recruited, and, for cavalry officers, the supply of horses and saddlery.
- (c) Indian military law and musketry if not in possession of an officer's musketry certificate.
- (d) (For cavalry officers.) Veterinary treatment and shoeing, footing of saddlery.

II.—*Examination for promotion from Lieutenant to Captain:—*

- (a) Practical examination in the field without troops to test a candidate's knowledge of Cavalry, Artillery and Infantry.
Field Service Regulations, Map reading and Field Engineering, Military Hygiene.
- (b) Written examination 4 papers.
 - (i) Military Organisation and administration;
Administration of Military discipline and Law.
 - (ii) Imperial Military Geography.
 - (iii) Military History.
 - (iv) Tactics, Map reading and Field Engineering.

COURSES.

Qualify at an Army School of Education.

(In addition to the above certain technical examinations have to be passed by Artillery, Medical and other technical services.)

III.—*Examination for promotion from Captain to Major:—*

- (c) Practical examination. Tactical exercise in the field without troops embodying the employment of a mixed force of all arms, to be of such a nature to test the candidate's capabilities of appreciating a situation.
- (d) Written examination 5 papers.
 - (i) Military organisation, Military administration, administration of discipline and military law.
 - (ii) Government of the British Empire and Imperial Military Geography.
 - (iii) Military History.
 - (iv) Educational Training.
 - (v) A short essay on a military subject.

COURSES.

Small Arms School (Rifle, Automatic, Grenade, Light Mortar).

(In addition to the above certain other examinations have to be passed by officers of technical services.)

IV.—*Test for promotion from Major to Lieutenant-Colonel:—*

Pass a Course of Instruction at the Senior Officers' School, comprising:—

(Practical and Theoretical.)

- (i) The organisation of all units within a division.
- (ii) The tactical employment of the various arms.
- (iii) The principles of training and system to be adopted.
- (iv) Co-operation between the staff and troops.

APPENDIX B.

LIST OF INDIAN OFFICERS WHO ALREADY HOLD KING'S COMMISSIONS IN THE INDIAN ARMY.

TABLE "A"

Indore students who received their first Commissions when over 26 years of age.

No.	Rank.	Name.	Where serving.	DATES.				AGES.				
				1st Commission.	Captain.	Company Commander.	Major	On 1st Commission.	At present.	On Captaincy.	On becoming Company Commander.	On Majority.
1	Lieutenant	Rasht Chand	56th Rifles	17th July 1920.	17th July 1929	1st Jan'y. 1935.	17th July 1938.	36 $\frac{1}{2}$	38	45 $\frac{1}{2}$	50 $\frac{1}{2}$	54 $\frac{1}{2}$
2	"	Antor Singh	22-23th Cavalry	Ditto	Ditto	Ditto	Ditto	33 $\frac{1}{2}$	35 $\frac{1}{2}$	42 $\frac{1}{2}$	48	51 $\frac{1}{2}$
3	"	Shor Mohammad Khan.	18-19th Lancers	Ditto	Ditto	Ditto	Ditto	32 $\frac{1}{2}$	34 $\frac{1}{2}$	41 $\frac{1}{2}$	47 $\frac{1}{2}$	50 $\frac{1}{2}$
4	"	Mohammad Ayub Khan.	22-23th Cavalry	Ditto	Ditto	Ditto	Ditto	30 $\frac{1}{2}$	32 $\frac{1}{2}$	39 $\frac{1}{2}$	45 $\frac{1}{2}$	48 $\frac{1}{2}$
5	"	Jai Singh	43th Sikhs	Ditto	Ditto	Ditto	Ditto	27 $\frac{1}{2}$	29 $\frac{1}{2}$	36 $\frac{1}{2}$	42 $\frac{1}{2}$	45 $\frac{1}{2}$
6	"	Partab Singh	5-8th Cavalry	Ditto	Ditto	Ditto	Ditto	26 $\frac{1}{2}$	28 $\frac{1}{2}$	35 $\frac{1}{2}$	41 $\frac{1}{2}$	44 $\frac{1}{2}$
7	"	Sajan Singh	11th Rajputs	Ditto	Ditto	Ditto	Ditto	26 $\frac{1}{2}$	28 $\frac{1}{2}$	35 $\frac{1}{2}$	41	44 $\frac{1}{2}$
8	"	Sababrat-Singh Roy.	2nd Rajputs	Ditto	Ditto	Ditto	Ditto	26 $\frac{1}{2}$	28 $\frac{1}{2}$	35 $\frac{1}{2}$	40 $\frac{1}{2}$	44 $\frac{1}{2}$

TABLE "B."

Direct Commissioned Officers who received their first Commissions when over 26 years of age.

No.	Rank.	Name.	Where serving.	DATES.				AGES.			
				1st Commission.	Captain.	Company Commander.	Major.	On 1st Commission.	At present.	On Captaincy.	On becoming Company Commander.
1	Lieutenant	Lachman Singh	15th Sikhs	7th Oct. 1919.	7th Oct. 1928.	7th April 1934.	7th Oct. 1937.	41½	44½	50½	56½
2	"	Bhimsing Thapa	3rd Gurkha Rifles	Ditto	Ditto	Ditto	Ditto	39½	42½	48½	54½
3	"	Hissam-ud-din	21-23rd Cavalry	Ditto	Ditto	Ditto	Ditto	37½	40½	46½	52½
4	"	Janda Singh	72nd Punjabis	Ditto	Ditto	Ditto	Ditto	37½	39½	46½	51½
5	"	Thakur Singh	47th Sikhs	Ditto	Ditto	Ditto	Ditto	36½	39½	45½	51½
6	"	Sundar Singh	41st Dogras	Ditto	Ditto	Ditto	Ditto	36½	39½	45½	51½
7	"	Amar Singh	33rd Punjabis	Ditto	Ditto	Ditto	Ditto	35½	38½	44½	50½
8	2nd-Lieut.	Inder Singh	31st Lancers	14th Jan. 1922.	14th Jan. 1931.	14th July 1936.	14th Jan. 1940.	36½	38½	45½	50½
9	Lieutenant	Mit Singh	47th Sikhs	7th Oct. 1919.	7th Oct. 1928.	7th April 1934.	7th Oct. 1937.	31½	33½	40½	45½
10	"	Khan Mohammad Khan.	35-36th Cavalry	Ditto	Ditto	Ditto	Ditto	27½	30½	36½	42½
11	2nd-Lieut.	Najibullah Khan	46th Punjabis	14th Jan. 1922.	14th Jan. 1931.	14th July 1936.	14th Jan. 1940.	Do not avail.			
12	"	Nur Ahmad Khan	9-10th Horse	Ditto	Ditto	Ditto	Ditto				
13	"	Kashinath Dalir	116th Mahrattas	Ditto	Ditto	Ditto	Ditto				
14	"	Amrut Rao Mohite	103rd Mahrattas	Ditto	Ditto	Ditto	Ditto				

TABLE "C."

Previously Commissioned Officers who received their first Commissions when over 26 years of age.

No.	Rank.	Name.	Where serving.	DATES.				AGES.			
				1st Commission.	Captain.	Company Commander.	Major.	On 1st Commission.	At present.	On Captaincy.	On becoming Company Commander.
1	Captain .	Kanwar Amar Singh.	24th Cavalry	25th Aug. 1917.	25th Aug. 1921.	25th Feb. 1932.	25th Aug. 1935.	39 $\frac{1}{2}$	43 $\frac{10}{12}$	43 $\frac{4}{12}$	35 $\frac{7}{12}$
2	"	Zorawar Singh	1-3rd Horse	Ditto	Ditto	Ditto	Ditto	34 $\frac{1}{2}$	39 $\frac{1}{2}$	38 $\frac{4}{12}$	48 $\frac{9}{12}$
3	"	Abdul Samad Shah	31st Lancers	15th Dec. 1919.	...	15th June 1934.	15th Dec. 1937.	36 $\frac{1}{2}$	38 $\frac{10}{12}$	...	50 $\frac{10}{12}$
4	"	Aga Cassim Shah.	10th Rifles	25th Aug. 1917.	25th Aug. 1921.	25th Feb. 1932.	25th Aug. 1935.	33 $\frac{3}{4}$	38 $\frac{9}{12}$	37 $\frac{9}{12}$	48 $\frac{3}{12}$
5	"	Bala Sahib Daphle.	16th Rajputs	Ditto	Ditto	Ditto	Ditto	33 $\frac{9}{12}$	38 $\frac{9}{12}$	37 $\frac{9}{12}$	48 $\frac{3}{12}$
6	"	Mhd. Akhbar Khan.	1st Brahmins	Ditto	Ditto	Ditto	Ditto	32 $\frac{5}{12}$	37 $\frac{3}{12}$	36 $\frac{9}{12}$	47
7	"	Pirthi Singh	5-8th Cavalry	Ditto	Ditto	Ditto	Ditto	32 $\frac{4}{12}$	37 $\frac{1}{12}$	36 $\frac{1}{12}$	46 $\frac{10}{12}$
8	"	Rana Jodha Jang.	23rd Pioneers	Ditto	Ditto	Ditto	Ditto	27 $\frac{4}{12}$	32 $\frac{3}{12}$	31 $\frac{9}{12}$	42

TABLE "D."
Indore students who received their first Commissions at the age of 26 years and under.

No.	Rank.	Name.	Where serving.	DATES.				AGES.				
				1st Commission.	Captain.	Company Commander.	Major.	On 1st Commission.	At present.	On Captaincy.	On becoming Company Commander.	On Majority.
1	Lieutenant	Mohammad Mumir Khan	18-19th Lancers	17th July 1920.	17th July 1929.	1st Jan. 1935.	17th July 1938.	26	27½	35	40½	44
2	ditto	Maung Ba Hpu	1-70th Burmans	Ditto	Ditto	Ditto	Ditto	26½	27½	35½	40½	44½
3	ditto	C. B. Ponappa	110th Mahrattas	Ditto	Ditto	Ditto	Ditto	26½	27½	35½	40½	44½
4	ditto	Chittar Singh	2nd Rajputs	Ditto	Ditto	Ditto	Ditto	25½	27½	34½	40½	43½
5	ditto	Daulat Sen	36th Sikhs	Ditto	Ditto	Ditto	Ditto	25½	27½	34½	40½	43½
6	ditto	C. Poonoose	75th Carnatics	Ditto	Ditto	Ditto	Ditto	25½	27½	34½	40½	43½
7	ditto	Maung Aye	1-70th Burmans	Ditto	Ditto	Ditto	Ditto	25½	27½	34½	40	43½
8	ditto	J. R. Cama	69th Punjabis	Ditto	Ditto	Ditto	Ditto	24½	26½	33½	39½	42½
9	ditto	Digvijay Sinha	1-125th Rifles	Ditto	Ditto	Ditto	Ditto	24½	26½	33½	39½	42½
10	ditto	Ajaib Singh	22-25th Cavalry	Ditto	Ditto	Ditto	Ditto	24½	26½	33½	39½	42½
11	ditto	Pritam Singh Bakhshi	38-39th Horse	Ditto	Ditto	Ditto	Ditto	24	25½	33	38½	42
12	ditto	Hamidullah Khan	124th Baluchis	Ditto	Ditto	Ditto	Ditto	23½	25½	32½	38½	41½
13	ditto	Ajit Amil Rudra	28th Punjabis	Ditto	Ditto	Ditto	Ditto	23½	25½	32½	38½	41½
14	ditto	Mahsud Hayat Khan	67th Punjabis	Ditto	Ditto	Ditto	Ditto	23½	25	32½	37½	41½
15	ditto	Mohammad Akhtar Khan	1-12th Cavalry	Ditto	Ditto	Ditto	Ditto	23½	25	33½	37½	41½
16	ditto	Mohammad Abdullah Khan.	20th Punjabis	Ditto	Ditto	Ditto	Ditto	23½	25	32½	37½	41½
17	ditto	Mir Haidar	92nd Punjabis	Ditto	Ditto	Ditto	Ditto	23	24½	32	37½	41
18	ditto	Gul Sher Khan	18-19th Lancers	Ditto	Ditto	Ditto	Ditto	22½	24½	31½	37½	40½
19	ditto	Mohammed Ali Khan	9-10th Horse	Ditto	Ditto	Ditto	Ditto	22½	24½	31½	37½	40½
20	ditto	Veshashar Nath Singh	20-29th Cavalry	Ditto	Ditto	Ditto	Ditto	22½	24½	31½	37½	40½
21	ditto	Maung Kim Maung	1-70th Burmans	Ditto	Ditto	Ditto	Ditto	22½	24½	31½	37½	40½
22	ditto	Abdul Rahim Khan	Guides	Ditto	Ditto	Ditto	Ditto	21½	23½	30½	36½	39½

TABLE "E."
Sandhuurst cadets and others who received their first Commissions at approximately the same age at which a British Officer enters the Army.

No.	Rank.	Name.	Where serving.	DATES.				AGES.			
				1st Commission.	Captain.	Company Commander.	Major.	On 1st Commission.	At present.	On Captaincy.	On becoming Company Major.
1	2nd-Lieutenant	Redi Deyu Singh.	16th Lancs	14th July 1921.	14th July 1930.	14th January 1936.	14th July 1939.	22 $\frac{6}{12}$	23 $\frac{6}{12}$	31 $\frac{6}{12}$	37
2	Ditto	K.S. Rajendra Singh.	3rd K. R. R. C.	Ditto	Ditto	Ditto	Ditto	22 $\frac{1}{12}$	22 $\frac{1}{12}$	31 $\frac{1}{12}$	36 $\frac{1}{12}$
3	Lieutenant	Sikandar Ali Mirza.	33-34th Horse	16th July 1920.	16th July 1929.	16th January 1936.	16th July 1938.	20 $\frac{5}{12}$	22 $\frac{5}{12}$	29 $\frac{5}{12}$	35 $\frac{5}{12}$
4	2nd-Lieutenants	Fazl Mohd. Khan.	(Green Howards.	14th July 1921.	14th July 1930.	14th January 1936.	14th July 1939.	20 $\frac{6}{12}$	21 $\frac{6}{12}$	29 $\frac{6}{12}$	35 $\frac{6}{12}$
5	Ditto	Mohd. Nawaz Khan.	7th Hussars	23rd Decem-ber 1921.	23rd Decem-ber 1930.	23rd June 1936.	23rd Decem-ber 1939.	20 $\frac{5}{12}$	20 $\frac{5}{12}$	29 $\frac{5}{12}$	34 $\frac{5}{12}$
6	Ditto	R. Yusuf Khan.	2nd Warwick	Ditto	Ditto	Ditto	Ditto	20	20 $\frac{4}{12}$	29	34 $\frac{4}{12}$
7	Ditto (N.B.—In addition there are 4 other officers newly joined from Sandhuurst.)	Sarwar Ali Khan.	1st Worcesters	14th July 1921.	14th July 1930.	14th January 1936.	14th July 1939.	19 $\frac{1}{12}$	20 $\frac{1}{12}$	28 $\frac{1}{12}$	34 $\frac{1}{12}$
8	Lieutenant	Muang Kin Maung.	1-70th Burmans.	7th October 1919.	7th October 1928.	7th April 1934.	7th October 1937.	20 $\frac{1}{12}$	23 $\frac{1}{12}$	29 $\frac{1}{12}$	35 $\frac{1}{12}$
9	Ditto	K. S. Hmat Singh.	4th Rajputs	23rd March 1918.	23rd March 1927.	23rd Septem-ber 1932.	23rd March 1936.	20 $\frac{6}{12}$	24 $\frac{6}{12}$	29 $\frac{6}{12}$	35
10	Ditto	K. S. Mudeo Shitli.	3-39th Gachwas	24th October 1918.	24th October 1927.	24th April 1933.	24th October 1936.	20 $\frac{2}{12}$	23 $\frac{2}{12}$	29 $\frac{2}{12}$	34 $\frac{2}{12}$

* Direct commission.

† Previously held Temporary Commission.

Mr. T. V. Seshagiri Aiyar : Sir, may I know what period, the longest period, within which the Indianization of these 8 Units is expected to take ?

Mr. E. Burdon : The matter is one which requires to be stated with a considerable degree of precision. It has been explained very fully in the body of the statement, and I think it will be more satisfactory to my Honourable friend if he will wait till he reads the statement.

Rao Bahadur T. Rangachariar : Sir, may I ask if it is a fact that it will take 23 years before these 8 Units become Indianized ?

Mr. President : I think the Honourable Member had better wait till he has the opportunity of looking at the paper and then he can put any questions.

Mr. T. V. Seshagiri Aiyar : What is the total number of Indian officers in these 8 Units ?

Mr. E. Burdon : The establishment of King's commissioned officers in an Indian Infantry Battalion is 12, and in a Cavalry Regiment 13.

20th March, 1923.

REDUCTION OF BRITISH TROOPS IN INDIA.

Mr. E. Burdon (Army Secretary) : Sir, I understand that some misapprehension has been created in regard to the position which has actually been reached in the matter of the proposed reduction of British troops in India, and with your permission, Sir, I should like to have an opportunity of removing that misapprehension. Actually the position is as follows :

His Majesty's Government have agreed, both in principle and in detail, to the reduction in British Infantry. These amount to a total reduction of something over 5,000 British soldiers from the existing establishment. The other two important recommendations with regard to reduction of British troops were the reductions of Artillery and British Cavalry. The position as regards these is as follows :

The House is aware that the Inchcape Committee proposed and His Excellency the Commander-in-Chief agreed to, amongst other things, reductions which included the equivalent of an entire Brigade of Artillery. His Majesty's Government are at present considering whether that is the most suitable form which the reduction of artillery should take. I would put the matter like this to make it as clear as possible to the House. One method of effecting the reduction is to abolish an entire brigade, that is to say, we should then have 10 instead of 11 brigades of artillery. Another alternative form would be to retain the whole of the 11 brigades but to retain them at a lower establishment that is to say, with fewer horses, fewer guns and fewer men, and the guns which would be put out of commission in peace time would be kept in store and would be available to be drawn upon in the case of mobilisation or emergency. A similar question is under discussion as regards the British Cavalry, that is to say, whether entire units should be disbanded or whether the units should be retained at a lower establishment,

for example, you may have three squadrons instead of four squadrons. Now, the question which form the reduction should take is a purely technical military matter. Naturally every one concerned is anxious that the reduction should do as little harm as possible. On the other hand, whichever technical expedient is adopted, so far as the financial aspect of the matter is concerned, it is immaterial. The pecuniary saving would in either event be obtained, and I am able to inform the House that in principle His Majesty's Government have agreed, subject to the settlement of the form, to the pecuniary saving of the amount required being carried out.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadan) : Sir, may I in this connection inquire how far His Majesty's Government have accepted the proposal formulated, if any, by the Government of India accepting the recommendations and Resolutions passed last year on the Esher Committee's Report, that the Army in India shall be primarily and solely maintained for the defence of India and not for any Imperial purposes ; secondly, what were the recommendations of the Government of India regarding the reduction of troops in consequence of the Resolution of this House ; thirdly, what were the reductions actually sanctioned by His Majesty's Government and what reductions were vetoed by His Majesty's Government ?

Mr. President : I think the questions asked are important and should appear on the paper with notice.

Mr. E. Burdon : I am quite willing to answer them, Sir. The answer to the first part of the question—I am not sure I got the third part correctly, perhaps my Honourable friend will repeat it later on—but as regards the first part—what action has been taken with regard to the Esher Committee Resolutions—well, a very long printed statement was laid on the table of this House not so very long ago, in response to a question ; and that contains the information which the Honourable Member desires. With regard to the particular Resolution to which he referred, I may say that that Resolution has been accepted by everybody concerned, I am speaking of the Resolution regarding the maintenance of the Army in India solely for the requirements of India—that is the Resolution to which I think my Honourable friend referred. The second part of the question I am afraid has escaped me.....

F.—Miscellaneous.

22nd March, 1923.

IMPERIAL WIRELESS.

Sir Jamsetjee Jejeebhoy : With your permission, Sir, I should like to ask a question about which I have given notice to the Honourable Member in charge. Will Government be pleased to inform the House how the case stands regarding Imperial Wireless ?

Colonel Sir Sydney Crookshank : Sir, before replying to that question in so many words, perhaps, I may be permitted to take up a few minutes of the time of the House briefly to explain how the position stands, as it may enable Honourable Members better to judge and form their opinions. I would at the outset ask Honourable Members to frame a mental picture of the geographical position of India in relation to Africa, Europe and Asia. From this they will see in their mind's eye that India stands in the centre of a circle comprising South Africa, East and West Africa, the United Kingdom, Egypt, Europe generally, the Near East, the Far East, Singapore, Hongkong, Australia and New Zealand within its perimeter. Honourable Members will thus realise that India's position in the wireless field is one of very great importance indeed, both strategically and commercially. I will not go into the past history of the development of wireless, but, beginning at the year 1920, it will interest the House to know that an Imperial Wireless Telegraph Committee, ordinarily known as the Norman Committee, sat in London to investigate the Imperial Wireless position at large. The conclusions they arrived at were that the programme to be followed should be to develop on steps averaging about 2,000 miles a piece, that is to say, England to Egypt, Egypt to India, India to Singapore, and on to Port Darwin, or Perth and Brisbane. This proposal, which was based on Government management throughout, did not, however, receive any favour either from the Government of India or from the Commonwealth, Dominion and Union Governments. The reason why we in India had no particular use for this arrangement was that for strategical purposes direct communication between England and India was of the highest importance and for commercial purposes to work on these short stages would be unpractical and unprofitable. These views were communicated to the Home Government and the next stage in the development of Imperial Wireless was that in 1922 an Imperial Wireless Co-ordinating Committee sat and recommended that the Indian station should be an Imperial station and more or less left it open to the Union, Dominion and Commonwealth Governments, who, I may remark, had already taken the matter into their own hands by entering into negotiations with branches of the main Marconi Company for the erection and working of their own stations. The Indian Government being reluctant to embark on the programme of expenditure involved the Home Government then offered to provide the money for the construction of this station on the understanding that we worked it and gradually repaid the capital by means of amortization or sinking fund. They proposed, however, to instal a station which in our opinion was not sufficiently powerful to give us the commercial traffic which we considered would be thrown on this central station and would be required in order to make it pay its way. Our views were communicated to the Home Government and as a result the British Cabinet decided that no restrictions should be placed on the arrangements for establishing Imperial wireless long-range stations outside the United Kingdom but that in England itself Government would erect and work its own high-power station. This, therefore, left us in India with a free hand and the question was then one of the comparative merits of Government erection and control *versus* private enterprise. In the case of Government capital and working, according to the advice which we received from our experts in this direction, the cost of the station was estimated to amount to

about £421,000 or say £500,000 to be on the safe side. The ordinary working expenses would be on an average £41,000 per annum—probably more making allowance for the interest and sinking fund charges. There were, therefore great difficulties in the way of Government taking up the construction of the installation itself—not only on account of the large amount of capital involved but also because we had no experts of the specialized technical standard required to construct and operating the station. And, moreover, and this is a very important point, we had not the full rights to utilise the Marconi patents and get the advantage of the best apparatus and means of conducting the service. The advantages and disadvantages of private enterprise on the other hand will be fully realised in that Government would not be required to put down capital; possibly they could enter on a contract for majority shares in the same way as the Commonwealth Government did which took 500,001 shares out of a million pounds worth of capital; or they could do what was done by the Union Government—that is to say, give a ten-year contract with the option of taking over the whole concern at a valuation at short notice. A further advantage of private enterprise would be that by coming into a contract with a branch of the Marconi Company we should get the full use of those patents which would make all the difference to the success of the concern. Therefore the balance of considerations was on the side of private enterprise and it remains so still. What form private enterprise should take has not been fully gone into by this Government. We have had offers from two Indian firms, and also from a branch of the Marconi Company, but our arrangements would naturally be that we would give preference, if we had eventually to decide on going in for a contract, to a Company which was an Indian Company with a large proportion of Indian Directors and floated with Indian rupee capital.

That is the position at present and Government is now investigating further in that direction. That does not necessarily mean that wireless telegraphy throughout India and abroad will revert to contract working. It really means that there will be a blend of State and Company management which I think offers the best solution of this problem. That is to say, the Government would retain in their hands the working of the inland and coastal stations which we now have in India and in Burma and along the coast, and would also encourage the opening of feeder stations within the limits of these inland stations by Local Governments, by commercial undertakings or other bodies such as groups of coal mines, tea gardens, oil fields, or other concerns having occasion to take advantage of having small wireless installations of their own. There would also be the smaller wireless installations which would be worked under licence by the Indian States for the advantage of the communications within those States. So that, as I explained before, Government would still retain in their hands the working of wireless throughout India and Burma and along the coast, and if the proposal to enter upon a contract for the opening of Imperial wireless is found suitable and satisfactory, that would be handed over to private enterprise. It is not possible to state exactly where this high-power station in India would be situated, but it would probably be in a group of stations at places like Agra, Tundla and Hathras, those being about the right distances apart for the grouping of this central high-power world station and having the advantage of

close connection with the main telegraphic heart or centre of India at Agra. It will thus be seen that Government have this very important problem under consideration as a part-Government-part-private-enterprise scheme. The traffic which would be thrown on this long range station in order to be of value for commercial purposes, without which it would be insignificant, would be in the nature of 2 million words per annum out of probably a total of 12 million words which pass over the cables; and the rates, although nothing has been fixed or settled in that matter, would probably be about 75 per cent. of the cable rates—that is to say Re. 1 for wireless per word as against Rs. 1-4 for cable transmission. That is the position in which we now stand and we propose to investigate further this field of private enterprise in the shape of an Indian company with Indian capital.

Mr. N. M. Samarth : May I inquire, Sir, whether the Government of India obtained the opinion of the law officers of the Crown as to whether it is legally permissible to the Government of India to grant a license to any one in regard to wireless telegraphy within British India?

Colonel Sir Sydney Crookshank : I am not quite sure whether I fully understand the Honourable Member's question, but there will be no objection to entering into a contract by the Indian Government in India, as the British Government have already decided that that may be left entirely in the hands of the Indian Government; but I think what the Honourable Member probably has at the back of his mind is the utilisation of the patent rights which are possessed by the Marconi Company. These the Government of India will not use, except by arrangement and payment of royalty fees to the Marconi Company as the law authorities in England have stated that payments which were made by the General Post Office to the Marconi Company in connection with the utilisation of some of their patent rights before and during the war cannot be extended to apply to the utilisation of those patents in India.

16th January 1923.

GOVERNMENT STORES IMPORTED FROM ENGLAND.

79. **Mr. Manmohandas Ramji :** Will the Government be pleased to state :

- (a) what arrangements as regards freight are in existence at present to bring Government stores from England to India?
- (b) whether there is any contract?
- (c) if so, with which line of steamer?
- (d) at what rate?
- (e) if there is no existing contract, whether they have considered or propose to consider the question of inviting tenders?
- (f) if there is no existing contract, what is the average rate of freight paid last year?
- (g) whether Government has considered the advisability of entrusting this work to an Indian Steamship Company? and
- (h) if not, whether they propose to consider the question now?

Mr. A. H. Ley : (a), (b), (c), (d) and (e) The attention of the Hon-
able Member is invited to the discussions which took place in the Coun-
cil of State on the 15th March, 1922, in connection with a Resolution moved
by the Honourable Mr. Lalubhai Samaldas on this subject. The system of
arrangements made for the carriage of Government stores from En-
gland was fully described by the Honourable Mr. Lindsay in reply to that Res-
olution. There is no standing contract with any particular line of steam-
ships and tenders are, as a matter of fact, invited on each occasion. Further
particulars of the procedure followed are described in paragraph 9 of Appen-
dix to the Stores Purchase Committee's Report.

(f) The attention of the Honourable Member is invited to the reply
to the question asked by the Honourable Mr. Lalubhai Samaldas in the Coun-
cil of State on the 23rd March, 1922. Government have not the figures of
average freight rates paid during the last year. These rates are variable
not only week by week, but also according to the nature of the material
carried: they are, however, nearly always considerably below the open market
rates.

(g) and (h) In a letter dated the 13th April 1922 Government com-
municated to the High Commissioner for India the Resolution which was passed
in the Council of State on the 15th March, 1922, and instructed him to
to give Indian Shipping Companies opportunities of tendering for the carriage
of Government Stores, where possible.

PILGRIMS DURING THE HAJ SEASON.

102. **Khan Bahadur Sarfaraz Husain Khan :** Will the Government
be pleased to state :

(a) the number of Indian pilgrims during the last Haj Season ?

(b) the number of such pilgrims as have not returned to India as yet

The Honourable Mr. A. C. Chatterjee : (a) According to information
furnished by the Government of Bombay, 8,575 pilgrims left Bombay
for Karachi for the Hedjaz during the last Haj season, making 12,500
all. Of those leaving Bombay 6,953 were from India (including Burma
and Indian States). No information is available from Karachi.

(b) According to figures furnished by the Government of Bombay
10,000 pilgrims returned from the Hedjaz to Bombay and Karachi during the
season. No information is available as to how many of these were Indians.
The mere comparison of outgoing and returning figures does not however
give a correct indication of the number of pilgrims yet to return since a cer-
tain number of pilgrims who do not touch India on the outward journey re-
turn this way.

FUND FOR HAJ PILGRIMS.

103. **Khan Bahadur Sarfaraz Husain Khan :** Will the Government
be pleased to state :

(a) if a fund from the Mohammedan Community for the benefit of pilg-
grims has actually been started as proposed ?

(b) if so, what amount has been collected and where has it been deposited

The Honourable Mr. A. C. Chatterjee : (a) Yes.

(b) According to information furnished by the Honorary Secretary of the Central Haj Committee of India, the amount collected up to the 31st December, 1922, is Rs. 32,067-12-6. Out of this Rs. 10,270-11 have already been paid to the British Agency in Jeddah for the repatriation of 359 destitute Indian pilgrims and a draft for a further sum of Rs. 19,394 has also been received for payment from the same Agency on account of the repatriation of 695 additional pilgrims. When this sum has been paid the balance available will be Rs. 2,403-1-6. The funds of the Central Haj Committee have been deposited with the Imperial Bank of India, Delhi.

19th February 1923.

RAILWAY ADVISORY COUNCILS.

376. Mr. B. S. Kamat : (i) Will Government be pleased to state for which of the Railway Administrations Local Advisory Councils have been established so far in terms of the recommendations of the Railway Committee, 1920-21 ?

(ii) In this connection, will Government also be pleased to give the constitution, the method of selection of the Members, the scope of duties, remuneration, if any, to Members, and the nature of proceedings of these Advisory Councils as fixed at present ?

(iii) If Local Advisory Councils have been appointed for the G. I. P. and the B. B. C. I. Administrations, will Government be pleased to give the names of the Members ?

The Honourable Mr. C. A. Innes : (i) and (iii) Apart from the two committees on Eastern Bengal and East Indian Railways which have been for some years in existence no new Local Advisory Committees have yet been established in accordance with the revised principles referred to. Orders have however been issued for the formation of committees on the three State lines, and these will very shortly be constituted. The principles which are being followed on State-worked railways have been recommended to all Companies for adoption, and in most cases preliminary measures are believed to be now well advanced for the formation of similar committees on all the principal lines.

(ii) Government have confined themselves to formulating certain general principles in consultation with the Central Advisory Council, and detailed arrangements such as those referred to will necessarily be settled on each individual line to suit local circumstances. A copy of the memorandum of general principles prescribed is laid on the table.

Memorandum regarding Local Railway Advisory Committees.

I. *Title*.—The new bodies to be known on each line as " Railway Advisory Committee."

II. *Constitution*.—A separate main Committee to be constituted for each administration, the number of members being decided by circumstances subject to a maximum of 12. The Agent to be *ex-officio* Chairman. The remaining members to consist of :

two Local Government members nominated by the Local Government in whose jurisdiction the headquarters of the railway in question is situated ;

three representatives of the Legislative Council of the Government in whose jurisdiction the headquarters of the railway in question is situated. These members should be selected to represent rural interests and the travelling public;

one member from the local municipality or corporation at the railway headquarters;

five members representing industries, commerce and trade.

The heads of departments of railways may be called in merely to advise on subjects under discussion which may affect their department and on which their technical expert advice would be useful to the committee.

The method of selection of the non-official members to be left largely to local discretion. The representatives of the Legislative Council need not necessarily be members of the Council. Members of the Central Advisory Council are not debarred from membership of Local Advisory Committees. The five members representing industries, commerce and trade would ordinarily be drawn from important local bodies representing predominant trade interests; the actual selection of such bodies should be made in consultation with the Local Government, and once the selection is made it should be left to them to nominate or elect their representatives. The tenure of office of the members to be left to the electing or nominating bodies to decide.

Agents will consider whether it is desirable to form separate branch local committees at large centres, and in case of doubt they may consult their main committee in this matter.

III. *Scope of duties*.—The functions of the committee to be purely advisory. The sort of subjects which might suitably be placed before the Committees are:

- (a) alterations in time tables and passenger services,
- (b) alterations of rates and fares and changes of goods classifications;
- (c) proposals in regard to new projects and extensions;
- (d) proposal in regard to new rolling stock;
- (e) any matters affecting the general public interest or convenience.

Questions of personnel, discipline and appointments will not be brought before the committee; subject to this condition any member may suggest a subject for discussion, but the Agent may rule out any subject for reasons which should be explained at the first meeting after the ruling has been given.

IV. *Remuneration*.—Non-railway members may be paid Rs. 32 for each meeting attended.

V. *Proceedings*.—The committee to meet once a month if there are matters to be discussed. A copy of the minutes of meetings to be furnished to each member and to the Railway Board. If in any case the Agent decides that he is unable to follow the advice given by the majority of the committee, he must bring the matter to the notice of the Railway Board in forwarding the minutes of the meeting for their perusal.

16th January, 1923.

URDU FOR INDIAN CIVIL SERVICE EXAMINATIONS.

101. Khan Bahadur Sarfaraz Husain Khan: With reference to the following reply to my question *re*: "Urdu for Indian Civil Service Examination syllabus" No. 57, page 1563 asked in the Assembly on the 16th January, 1922, given by the Hon'ble Sir William Vincent: "The Government of India agree that Urdu is a better term and will convey to the Secretary of State, who frames the rules under Section 97 (1) of the Government of India Act, the suggestion that the term 'Urdu' should be substituted for 'Hindustani' "

(a) Will the Government be pleased to state if the suggestion referred to has been conveyed to the Secretary of State?

(b) If so, has any reply been received?

The Honourable Sir Malcolm Hailey: (a) and (b) The term 'Urdu' has been substituted for 'Hindustani' in the regulations.

APPENDIX I.

Statement showing Bills passed into Law during the Delhi Session 1923.

1. The Criminal Tribes (Amendment) Act.
2. The Malabar (Completion of Trials) Supplementing Act.
3. The Cotton Transport Act.
4. The Indian Mines Act.
5. The Indian Boilers Act.
6. The Cantonments (House Accommodation) Amendment Act.
7. The Indian Naval Armament Act.
8. The Workmen's Compensation Act
9. The Indian Factories (Amendment) Act.
10. The Indian Paper Currency Act.
11. The Repealing and Amending Act.
12. The Criminal Law (Amendment) Act.
13. The Married Women's Property (Amendment) Act.
14. The Indian Cotton Cess Act.
15. The Indian Income Tax (Amendment) Act.
16. The Government Savings Banks (Amendment) Act.
17. The Prisoners (Amendment) Act.
18. The Code of Criminal Procedure (Amendment) Act.
19. The Indian Official Secrets Act.
20. The Indian Penal Code (Amendment) Act.
21. The Indian Merchant Shipping Act.
22. The Malkharoda and Gaontia Villages Laws Act.
23. The Legal Practitioners (Women) Act.
24. The Indian Finance Act (Governor-General's Act).

APPENDIX III.

Statement showing the Resolutions adopted by the Legislative Assembly during the September Session, 1922, and action taken by Government thereon.

Serial No.	Date on which moved.	By whom.	Subject of resolution.	Department concerned.	Action taken by Government.
1	7th September, 1922.	Baba Ujagar Singh Bedi	Amendment of clause (4) of rule 12 of the rules for the election and nomination of Members of the Provincial Legislative Councils as well as of the Legislative Assembly.	Home	The Secretary of State has been addressed in the matter.
2	Ditto	Mr. N. M. Joshi	Improvement in travelling facilities for third class passengers.	Railway	Agents of railways have been asked to make a careful examination of the main grievances on their lines and to submit a report as to what is being done to remedy them.
3	Ditto	Sardar Bahadur Gajjan Singh.	Removal of restrictions imposed on the export of wheat, pulses and oil-seeds from India.	Revenue and Agriculture.	All restrictions on the export of food-grains were removed with effect from the 28th September, 1922. There is no embargo on the export of oil-seeds from India.
4	Ditto	Mr. K. B. L. Agnihotri	Premier's speech of the 4th August, 1922, on the Reforms.	Home	The resolution adopted by the Assembly was communicated to the Secretary of State.
5	11th September, 1922.	Mr. J. Hullah	Recruitment for the Indian Forest Service.	Revenue and Agriculture.	The resolution has been communicated to His Majesty's Secretary of State for India for information. No final decision has yet been arrived at on the recommendations made therein.

APPENDIX.

The recommendation of the Assembly has been accepted by the Government of India and action taken accordingly. A copy of the resolution has also been communicated to the Secretary General of the League of Nations.

The recommendation of the Assembly that no action should be taken in the matter has been accepted by the Government of India. A copy of the resolution has also been communicated to the Secretary General of the League of Nations.

The recommendation made by the Assembly to ratify these draft Conventions has been accepted by the Government of India; and the question of amending the Merchant Shipping Acts in order to give effect to this decision is under consideration. The India Office has been asked to communicate this decision to the League of Nations.

A Committee was appointed in pursuance of the resolution. The Committee have submitted their report and the report of State. The Secretary of India have approved the proposals of the Governing Body referred to in Parts I and II of the resolution. As regards Part III of the resolution, the Government are consulting with the donors of the offer made by the donors towards the Imperial Medical Research Institute.

Commerce

Weekly rest day in commercial establishments as recommended by the International Labour Organisation of the League of Nations on the 25th October, 1921.

Commerce

Recommendations of the Geneva Seamen's Conference concerning the limitation of hours of work in inland navigation.

Commerce

Draft Conventions adopted by the Geneva Labour Conference of 1921.

Home

Revision of the Electoral Rules.

Education and Health.

Indian Research Fund Association.

11th September, 1922

Honourable Mr. C. A. Innes.

Ditto

Honourable Mr. C. A. Innes.

Ditto

Honourable Mr. C. A. Innes.

Honourable Sir W. Vincent

13th September, 1922.

Mr. M. S. D. Butler

23rd September, 1922.

APPENDIX IV.

Statement showing the Resolutions adopted by the Council of State during the Simla term, 1922, and the action taken by Government thereon.

Serial No.	Date on which moved.	By whom.	Subject of Resolution.	Action taken by Government.
1	15th September, 1922.	The Honourable Mr. S. P. O'Donnell.	Appointment of a Committee to examine and report on the desirability of amending the Electoral Rules of the Indian Legislature and the Provincial Legislative Councils.	A Committee was appointed in pursuance of the Resolution. The Committee have submitted their report and the report has been forwarded to the Secretary of State.
2	16th September, 1922.	The Honourable Mr. Phiroze C. Sethna.	Recruitment and training of probationers for the Indian Forest Service.	The resolution has been forwarded to the India Office for the information of His Majesty's Secretary of State for India. No final decision has been arrived at on the recommendations contained therein.
3	Ditto	The Honourable Mr. H. A. F. Lindsay.	Limitation of hours of work on inland navigation.	The recommendation of the Council of State that no action should be taken in the matter has been accepted by the Government of India. A copy of the Resolution has also been communicated to the Secretary General of the League of Nations.
4	Ditto	The Honourable Mr. H. A. F. Lindsay.	Trimmers, stokers and children employed at sea.	The recommendation made by the Council of State to ratify the Draft Conventions of the Geneva Labour Conference on this subject has been accepted by the Government of India, and the question of amending the Merchant Shipping Acts to give effect to this decision is under consideration. The India Office has been asked to communicate this decision to the League of Nations.

The recommendation of the Council has been accepted by the Government of India and action taken accordingly. A copy of the Resolution has also been communicated to the Secretary General of the League of Nations.

The question of the reorganisation of the Railway Board is at present under consideration. As the scope of the changes which are to be made may be affected by the Report of the Retrenchment Committee no decision can be arrived at until that Report is received.

The Director-General of Commercial Intelligence has been asked to examine all the publications of the Department of Statistics with a view to seeing that so far as possible the statistics in their new and simpler form will meet all practical requirements.

Weekly rest day in commercial establishments.

Recommendations of the Railway Committee and the reconstitution of the Railway Board so as to provide for a strong Indian representation.

Collection, compilation and publication of statistics relating to the economic, social and constitutional progress of India.

The Honourable Mr. H. A. R. Lindsay.

The Honourable Sardar Jogen-dra Singh.

The Honourable Mr. Vaman Govind Kale.

Ditto

25th September, 1922.

Ditto

APPENDIX V.

HIGH COMMISSIONER FOR INDIA,
INDIA STORE DEPARTMENT.

ABSTRACT OF CASES in which Tenders, not the lowest complying with the requirements of the Stores Department and of the Indenting Officer, were accepted on the grounds of superior quality, superior trustworthiness of the firm tendering, greater facility of inspection, quicker delivery, etc.

STATE YEAR ENDING 31st DECEMBER 1922.

TABLE A.—Cases in which lower foreign tenders, including British tenders for foreign made goods, have been set aside wholly or partially in favour of British tenders.

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.	Lowest Tender not accepted.	Reason for acceptance.
Insulators . . .	B. 2068-1002, 10th July 1922.	Jas. Macintyre & Co., Ltd.	£ s. d. 5 15 10 0	£ s. d. 4 79 10 0 (German Manufacture).	Better delivery. The difference in cost would be further reduced by extra cost of inspection in Germany.
Wire insulated . . .	B. 2040-2202, 12th July 1922.	Hackbridge Cable Coy., Ltd.	485 5 0 (Item 7)	450 15 0 (Item 7) (Belgium Manufacture).	Quicker delivery. The small difference in cost would probably be absorbed by the extra expense of inspection abroad.
Porro-Sillon . . .	B. 2088-2083, 2nd August 1922.	J. Hineley & Son . . .	348 15 0 P. O. B. (Lundholm).	341 5 0 (P. O. B. Porsgrund, Norway).	Lowest suitable having regard to shipping facilities.
Cable . . .	B. 3103-3153, 16th August 1922. B. 3104 B. 3105 B. 3106	Western Electric Coy. . W. T. Huley's Telegraph Works. Johnson & Phillips, Ltd. Callender's Cable Coy. .	3,574 3 8 3,104 12 8 3,318 6 11 3,112 0 4 13,109 12 7	12,919 0 3 (Austrian manufacture) Extra cost of inspection say £100.*	The order was shared between the British firms on account of their greater reliability, the conditions prevailing in Austria being uncertain. The additional cost, after allowing for the extra cost of inspection abroad, is inconsiderable.

War, Aerial	B. 3507-3258, 2nd September 1922.	T. Holton & Sons, Ltd.	260 14 10	234 0 6 (German Manufacture).	Quicker delivery. The small difference in price would be further reduced by extra cost of inspection in Germany.
Dog Spikes	B. 3997-5877, 28th September 1922.	W. Kelway Bamber	265 2 6	249 2 4 (made in Belgium).	Quick delivery offered. There was also much delay in shipping from Antwerp.
Iron Wire	B. 4035-5032, 2nd October 1922.	Dorman Long & Coy.	1,968 15 0	1,959 7 6 (German).	Small difference in cost and the extra expense that would be incurred by inspection in Germany. The British firm also offered much better delivery.
Cement	B. 4074-5964, 4th October 1922.	Slip Canal Portland Ce- ment Manufacturers, Ltd.	831 5 0 (11s. 1d. a Cask (1,500 Casks).	637 10 0 (8s. 6d. a Cask). (Belgian Cement)	Quicker delivery. It was also not considered advisable to accept the Belgian Cement offered by the lowest tenderer until a report has been obtained on supplies being made on a Contract now running with this firm.
Copper Plates	B. 4600-6204, 8th November 1922.	Linley & Coy.	13,163 16 0	12,128 0 0	Superior trustworthiness. The lowest tender was from an English firm of locomotive makers for foreign plates flanged by themselves. This is not considered nearly so satisfac- tory as obtaining plates flanged by the copper makers.
Tyres for Locos.	B. 5160-6533, 5th December 1922.	Steel Coy. of Scotland, Ltd.	3,857 13 3	2,898 12 6 (German).	The correct supply of Locomotive Tyres is of the utmost importance and it was not considered advisable to place a further order with the German firm until they have established their re- liability by completion of two other contracts which they already hold. The delivery offered by the English firm was also much quicker.

PART B.—Cases in which the discrimination is between British or between foreign firms.

Stores ordered.	Contract No.	Name of Contractor.	Amount of Contract.	Lowest Tender not accepted.	Reason for acceptance.
Wire Copper	B. 2700-2960, 17th July 1922.	London Electric Wire Co. and Smiths.	£ s. d. 121 11 3	£ s. d. 121 0 10	Quicker delivery.
Tyres	B. 2767-4130, 19th July 1922.	Pirelli, Limited	982 10 0	944 5 0	Superior quality.
Milliamperometers	B. 2781-3290, 20th July 1922.	Crompton & Co., Ltd.	27 10 0	24 16 3	Ditto.
Lamp bulbs	B. 2789-3756, 21st July 1922.	C. A. Vandervell & Co.	45 18 11	38 12 0	Ditto.
Ground sheets	B. 2919-3778, 28th July 1922.	G. Macintosh & Co., Ltd.	3,687 10 0 (9s. 10d. each).	The Loco Rubber Co. at 9s. 9d. each.	The stores were urgently required and the order was accordingly shared between the three lowest suitable firms to secure the best delivery. The Loco Company quoted lowest and were given an order for 15,000 sheets. The lowest tenderer was less reliable and also not on the King's Roll.
Hinges	B. 2920, 28th July 1922.	Broadhurst & Co., Ltd.	3,687 10 0 (9s. 10d. each). (7,500 sheets to each).		
Lysol	B. 3056-3035, 9th August 1922.	Pryke and Palmer, Ltd.	121 1 6	116 18 0	Quicker delivery.
Nuts, hexagon	B. 3065-4433, 9th August 1922.	Burgoyne Burbridges & Co., Ltd.	553 15 0	531 5 0	Ditto.
Expanders	B. 3100-5129, 15th August 1922.	Charles Richards & Sons, Ltd.	45 10 6	45 5 8	On account of the superior type of expanders offered.
Tubes, Matocelli's	B. 3206-3013, 22nd August 1922.	Charles Wicksteed & Co., Ltd.	34 17 0	19 0 8	Quicker delivery.
	B. 3597-4471, 7th September 1922.	J. Powell & Sons, Ltd.	70 8 9	74 8 9	

Engine turntables	B. 3678-4550, 11th September 1922.	Metropolitan Carriage, Wagon & Finance Co., Ltd.	2,382 0 0	2,380 0 0	Ditto.
Gloves	B. 3656-4489, 11th September 1922.	A. E. Druid & Co.	154 3 10	136 9 7	Better quality.
Paint	B. 3692-3105, 12th September 1922.	The London Varnish and Enamel Co., Ltd.	65 0 0	57 10 0	Ditto.
Switches	B. 3723-5128, 12th September 1922.	Erskine Heap & Co.	15 7 6	14 0 0	Ditto.
Flannel	B. 3775-5071, 15th September 1922.	J. Schofield & Sons	10,833 6 8 (yds. 100,000 at 2s. 2d.)	9,791 13 4	In view of the urgency the order was shared between the two lowest firms to secure the best delivery. The lowest firm was given 150,000 yards at 1s. 11½d. per yard. The lowest tender did not comply with the conditions of contract.
Screws	B. 3820-4884, 18th September 1922.	C. Richards & Sons, Ltd.	75 4 0	71 8 0	In view of special urgency and the much quicker delivery offered. A superior type of instrument was also obtained for the higher payment. Better value.
Theodolites	B. 3888-5308, 22nd September 1922.	T. Cooke & Sons, Ltd.	231 5 0	176 10 0	In view of urgency and the quicker delivery offered.
Field Glasses	B. 3909-4166, 23rd September 1922.	Ross, Ltd.	35 4 6	26 3 6	Better value.
Clip Bolts	B. 3939-5121, 26th September 1922.	W. Kelway Bamber	2,539 6 0	2,494 14 9	In view of urgency and the quicker delivery offered.
Safes	B. 3954-5103, 26th September 1922.	J. & E. Bates & Sons, Ltd.	98 5 0	92 10 0	Better value.
Cranes	B. 3970-4963, 27th September 1922.	Grafton & Coy.	1,840 0 0	1,710 0 0	The cranes offered were of better design and considered better value.
Wagons	B. 4029-4801, 2nd October 1922.	Ruston & Hornsby, Ltd.	872 0 0	840 0 0	Better value.
Ford Spares	B. 4084-6037, 5th October 1922.	Ford Motor Coy. (England), Ltd.	35 8 9	35 8 5	Quicker delivery.

PART B.—Cases in which the discrimination is between British or between foreign firms—contd.

Stores ordered.	Contract No.	Name of Contractor.	Amount of Contract.	Lowest Tender not accepted.	Reason for acceptance.
Saw Blades	B. 4122-5130, 7th October 1922.	Sanderson Bros. & Newbould, Ltd.	£ s. d. 3,120 0 0	£ s. d. 2,600 0 0	Superior reliability of firm and better quality of stores offered.
Clalk	B. 4143-5686, 10th October 1922.	Reeves & Sons	48 2 6	47 2 6	Better value.
Rubber connections for Pumps.	B. 4155-5425, 10th October 1922.	E. H. Hill, Ltd.	40 0 0	36 18 4	Ditto.
Taps, compression	B. 4156-5426, 10th October 1922.	Best & Lloyd, Ltd	54 15 10	41 5 10	Ditto.
Theodolites	B. 4240-6127, 14th October 1922.	T. Cooke & Sons, Ltd.	93 0 0	90 15 0	Ditto.
Anhydrous Ammonia	B. 4282-1877, 17th October 1922.	J. & E. Hall, Ltd.	36 12 0	34 6 0	More convenient as J. & E. Hall held the contract for the Plant. Lower firm was also not on the King's Roll.
Clips, towel	B. 4295-5943, 18th October 1922.	Down Bros., Ltd.	49 19 0	46 11 6	Quicker delivery.
Rings, copper	B. 4399-6207, 24th October 1922.	Combination Metallic Pkg. Co. (1921), Ltd.	72 10 5	68 15 0	Quicker delivery. The lower firm was also not on the King's Roll.
Tanks, M. S.	B. 4402-6091, 24th October 1922.	F. Braby & Co., Ltd.	382 14 0	355 16 0	Superior quality.
Pipes	B. 4501-6083, 1st November 1922.	Cochrane & Coy., Ltd.	1,409 13 2	1,381 13 1	Quicker delivery.
Bearings, ball	B. 4625-6304, 8th November 1922.	The Hoffmann Manufacturing Co., Ltd.	178. 2 2	177 14 0	Better value.

		i.	017	2	6	Immediate delivery offered. urgently required.	Supply
Drill, cotton	B. 4630-7566, 9th November 1922.	E. Spinner & Co.	i.	083	19	0	
Telephones	B. 4769-6497, 17th November 1922.	Pearl-Conner Telephone Works.	220	0	0		Better value.
Magneto parts	B. 5039-7803, 1st December 1922.	The British Lighting & Ignition Co., Ltd.	72	16	7		Better quality.
Mantles	B. 5108-6677, 4th December 1922.	Oil Lighting, Ltd.	1,210	18	4		Better value.
Drilling Machine	B. 5118-6793, 4th December 1922.	A. Horbert, Ltd.	297	16	0		Ditto.
Cutters	B. 5123-6585, 4th December 1922.	Henry Russell & Coy., Ltd.	563	4	6		Ditto.
Wheels	B. 5234-7192, 8th December 1922.	A. Hall & Coy., Ltd.	1,178	6	1		Greater reliability. The lowest tender was also subject to an extra charge for packing. On account of the firm's special liability for the rope required. Superior reliability. The price quoted by the lowest firm was also not firm.
Wire rope	B. 5241-6467, 8th December 1922.	J. & E. Wright	170	19	0		Lowest suitable in view of the urgency of the requirements.
Wire rope	R. 5376-6576, 15th December 1922.	Allen Whyto & Co.	24	11	0		The lowest firm also received an order for 350,000 yards at 1s. per yard.
Netting, Mosquito	B. 5384-7353, 15th December 1922.	H. Mallet & Sons	7,218	15	0	(at 1s. per yd.) (yds. 140,000 at 12½d.)	Better value.
Blower	B. 5416-7902, 18th December 1922.	Samuelson & Coy.	67	0	0		Ditto.
Belling Cotton	B. 5449-7025, 19th December 1922.	Lewis & Taylor, Ltd.	20	4	2		Ditto.
Machine Shaping	B. 5489-7935, 21st December 1922.	Salsen Engineering Coy., Ltd.	172	15	0		Lowest suitable having regard to urgency of the requirements.
Helmets	B. 5481-7575, 21st December 1922.	Percy Ayers & Coy.	10,908	6	8	(at 7s.) (28,000 at 7s. 9½d.)	The lowest firm, who are in arrears in delivery on a current contract, were given an order for 7,500 helmets to be taken into stock.
Paper	B. 5593-8486, 28th December 1922.	W Nash, Ltd.	75	0	0		Better value.

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CALCUTTA
SUPERINTENDENT GOVERNMENT PRINTING, INDIA
8, HASTINGS STREET

discussing the question whether, in our opinion, the money necessary for balancing the budget ought to be found from salt tax on the basis of Rs. 2-8-0 instead of Rs. 1-4-0 per maund. Sir Maneckji Dadabhoy also found fault with the Government of India for having used Revenue in the past to pay capital charges. The Honourable Member behind me; Mr. Lalubhai, likewise finds fault with Government for debiting money to revenue which ought not to be debited to revenue

The HONOURABLE MR. LALUBHAI SAMALDAS: Only for productive capital works.

The HONOURABLE SIR ALEXANDER MURRAY: It seems to me that if Government were to listen to the advice given by the various Members in connection with capital and revenue adjustments, they will get deeper and deeper into the mire.

I personally, Sir, would like to take this opportunity of going into the merits of the case apart from the constitutional aspect. As the Honourable the Finance Member when introducing the Budget stated, India for five years in succession had had a deficit. This is a statement of fact, which, as the Honourable Mr. Lalubhai Samaldas indicated, reflects credit on nobody, certainly not on the Government of India, nor on the Legislature nor on the tax-payer. Those responsible for framing the budget figures of these years cannot of course be blamed for the various unforeseen events, the Afghan War, frontier operations, and the abnormal military expenditure that have contributed so largely to the deficits of the last five years. But with the best intentions in the world towards them, I cannot but express a feeling that during that period the facts were not at all times fairly faced on the floor of the Council Chamber. The last year in which the country's accounts showed a surplus was 1917-18. During the four following years, the Government continued to frame budgets showing estimated surplus of anything between 1 and 3 crores per annum, although the actual deficit in these years worked out to 6 crores, 24 crores, 26 crores and 29 crores respectively. This time last year an attempt was made to put a real face on the budget, and as we all remember a deficit of 9 crores was shown which ultimately however worked up to 17 crores. Taking the last five years together, we find that the budgets as they left the Legislature showed a net deficit for the 5 years of only $1\frac{3}{4}$ crores, whereas the revised figures made the deficits of these 5 years total up to over 100 crores. The financing of these deficits has added to our annual interest charges making a difference in this year's deficit, according to the Honourable the Finance Member's statement, of at least $5\frac{1}{2}$ crores. The Honourable Mr. Cook makes the figure from 6 to 7 crores, which is more than the amount now required to balance the Budget. It cannot be said that no real attempt was made to raise by increased taxation the amounts required to balance the budgets. In this month's Budget Statement, the Honourable the Finance Member has said, as pointed out by the Honourable Sir Maneckji Dadabhoy, that in the past two budgets additional taxation was imposed which was estimated to bring in about 28 crores during the year now ending. If the increased railway rates are taken into account, I make the amount even more. Going back further to 1917-18, which is the year when the salt tax was raised from Re. 1 to Rs. 1-4-0 per maund. I think it will be found that addi-

tional taxation to the extent of about 60 crores has been imposed. If we leave out the excess profits duty which was estimated to amount to 9 or 10 crores and which was in force for a year only, we get about 50 crores of additional taxation imposed since the great war broke out. Of that large addition to our revenue, the increase of 4 annas in the salt tax was estimated to yield less than a crore. On the face of it, therefore, it does not look as if salt has contributed its fair share to the increased cost of India's administration. Before going into that, I would like personally to take this opportunity of congratulating the Honourable the Finance Member on the clear statement of the financial position put into our hands along with the Budget. He has laid all his cards on the table, and so far as I can gather, has not swerved from his original standpoint that the era of deficits is past, that the time has arrived for balancing India's budget, and to that end new taxation must be imposed. Now, Sir, I have heard it suggested more than once that another little deficit won't do India any harm, but the more I think over this insidious suggestion, the less I like it. I cannot accept with equanimity the idea of a deficit for the sixth year running . . .

THE HONOURABLE SIR MANECKJI DADABHOY: Why not recommend a jute tax.

THE HONOURABLE SIR ALEXANDER MURRAY: I will come to that. Last year there may have been some justification for leaving the deficit uncovered. Retrenchment was in the air, and the Legislature was determined to ascertain the extent to which expenditure could be cut down before sanctioning additional taxation. But this year we have no such excuse for shrinking from an unpalatable task. I for one am satisfied that Government are boldly tackling the expenditure side of the budget, and that the cuts now offered are all that can be reasonably expected to become effective during the coming year. That being so, is it not up to the tax-payer to do his part, so far as the revenue side of the budget is concerned? Of two things, therefore, I am satisfied, first, that the budget ought to be balanced—and here I am glad to say that the Honourable Mr. Lalubhai Samaldas agrees with me. He incidentally when speaking referred to the rise in the price of Government paper as proof that we need not be afraid of another deficit because the country's credit was quite good. As a matter of fact, I put this rise in Government paper and in other Government securities down to the fact that Government had clearly indicated that they no longer intended to continue deficits but they proposed to balance the budget. As I said, Sir, of two things am I satisfied, that the budget ought to be balanced, and that so far as this year is concerned, this cannot be done by further cuts in expenditure. I therefore turn to the revenue side of the Budget to see where the money can be found with least disturbance to the tax-payer. In this year's budget we find the bulk of the receipts classified under five principal heads, namely, Customs, Taxes on income, Salt, Opium and other heads. Taking the revised estimates for the current year, I find these principal heads total up to 74½ crores. In order to see where the additional taxation has been raised since the war broke out, I have gone back to the year 1913-14, and find that these same revenue heads then yielded 23½ crores only—an increase of 51 crores. Now the Honourable Member for Commerce will probably remind me that 1913-14 was a year of good trade. Of course it was: we all know

that. But the fact does not necessarily vitiate comparisons between the figures of that year and this. In any event, I find the increase in taxation was due to an increase in Customs of 31 crores, in Taxes on Income of 16 crores, in Salt of only 2 crores, in Opium of one and a half crores, and other heads half a crore, bringing the total up to 51 crores. Reduced to percentages, taking the two figures in front of me here, the Salt tax has increased 39 per cent. while the taxes on Income for instance have increased 545 per cent. Let us deal first with "Other heads," which, you will see, from Statement A on page 6 of the Budget, consists chiefly of Land Revenue, Excise, Tributes, etc., amounting altogether to $2\frac{1}{4}$ crores only. Honourable Members will agree that there is not much scope for increases here. The same with Opium, where our hands are tied. Take, then, Taxes on Income. The increase here is from less than 3 crores in 1913-14 to $18\frac{3}{4}$ crores in 1922-23, an increase of, as I have said, 545 per cent. I know there are many people who think that Income-tax and Super-tax can be depended on for Revenue purposes. Quite true, if turned to at the proper time,—and that time is when trade is good, prices rising and profits coming in. But there is no use counting on the Income-tax payer in a period of dull trade with falling prices and disappearing profits. As we all know, the bulk of the Income-tax and Super-tax comes from Bengal and Bombay. For two years running now, the jute mills in Bengal have been working 4 days per week only. (*The Honourable Mr. Lalubhai Samaldas*: "Bengal didn't pay anything last year.") My Honourable friends from Bombay can tell you more about their cotton mills than I can,—but I hazard the opinion that these mills also should be working short time. At any rate, the fact is last year's expected increase in Income-tax and Super-tax have not materialised. On the basis of the increases, estimated to yield $2\frac{1}{4}$ crores, Government budgeted for over 22 crores, and are likely to get nearly $3\frac{1}{2}$ crores less. In my opinion, the most that can be done here is to mark time and wait for the turn of the tide in trade.

Let us take Customs next. The increase here is from 11 crores to 42 crores, an increase of 279 per cent.—substantial enough in all conscience but only half the percentage increase in Income-tax and Super-tax. Here again, I suggest the time to rely on Customs duties is when trade is good. Export duties I abhor at all times; they ought to be prohibited under the constitution as I believe is the case in the United States of America. Not even in the case of jute or tea or rice can I ever be a willing party to export duties. (*The Honourable Mr. Lalubhai Samaldas*: "Not even for monopolies?") How can I, seeing I come from Bengal which province alone contributes about 80 per cent. of India's total export duties? Bombay and Nagpur never cease crying about the Excise duty on cotton manufacturers. (*The Honourable Mr. Lalubhai Samaldas*: "Justify them.") The jute trade in Bengal contributes half as much again in the way of export duties and never says anything about it, although the duties on jute were put on solely as a war measure. Export duties in my opinion should be abolished at the first opportunity. They certainly should not be increased now, nor should the Import duties, pending further inquiries as to the actual effect of the existing duties on the various commodities.

Of the principal heads of Revenue, I am now left with only salt to refer to. And here I could say a good deal. At the moment, what I

That being so, I feel that, if the Budget is to be balanced, the least objectionable method is by means of an increase in the salt tax. Frankly, at first I did not like the idea and I thought—and did not hesitate to say so—that it was too bad of the Honourable the Finance Member expecting our friends in the other House to go electioneering on the strength of doubling the Salt tax. I felt that too little regard was being paid to the feelings of Honourable Members no matter how much these were based only on sentiment. On the other hand, I might have known that newly out from Home as he is, the Honourable the Finance Member must be well aware of the extent to which political expediency and party tactics influence Budgets in other countries and the effect that sometimes sentiment alone has on the course even of these Budgets. He cannot but remember how Lowe's proposed tax on matches was ruled out, not on the merits of the case but purely on sentimental grounds, and later still, how Goschen's proposed "wheel and van" tax caused members to tremble in their seats and had to be withdrawn.

I have no doubt the Honourable Member now realises that it is not only in the West that sentimental feelings get the better of Members, and I am certain he would be only too pleased to make it as easy as possible for Members of the Indian Legislature to meet their constituents with easy consciences and glad hearts. The fact that he hardens his heart and refuses to see anything but a balanced Budget makes it clear to me that the Honourable the Finance Member puts the cause of India, as he sees it, above all other considerations. I say quite frankly I have been converted to the Honourable Member's point of view. I admire the strength of will and the singleness of purpose which place the good of India as he sees it,—and if I may say so as I now see it,—above all other considerations. Therefore, though I sympathise with the very natural feelings of some Members of this House and of Members of the other House amongst whom are many personal friends for whose opinions I have the greatest respect, I intend to support the Finance Bill and the amendments recommended by the Governor General, and I appeal to my fellow non-official Members of this House not to allow their feelings or their votes to be swayed by sentiment but to squarely face the facts as men of the world and to vote for the Bill to be amended as recommended in the full knowledge that on the merits of the case we are acting rightly, that in the interests of India we are doing right and so that we can look back on this as a day when we had it in our power to do India a good turn and did it.

The HONOURABLE SIR BASIL BLACKETT (Finance Member): Sir, Professor Kale is at any rate consistent. In the debate on the general discussion he took the view that it was better to budget for a deficit than to impose new taxation at the present time. I disagree, I am afraid, with his rosy picture of an abnormal deficit, which means really a normal surplus. But I would just give him one argument based on his premises. Assume that this year we have got an abnormal position which gives us a deficit. Is not that the moment to put on for a year the emergency tax to cover it? After all, the period for which the tax is imposed by this Bill is only a year. We should therefore on that basis be using our emergency weapon for the emergency purpose and reach the end of the year with our budget balanced and go forward

next year to the problem of how to deal with the next year's Budget. But is the deficit abnormal? It has become rather normal. We have had five years of deficits in succession. It has been asked to-day why we should not have a sixth, and that a very little one? Well, "it is the last straw that breaks the camel's back" is a proverb which can be applied to deficits as well as to other things. It is said that the deficit is abnormal because the charges for Waziristan are not normal. I hope they are not, but such charges were not very abnormal in the last generation and the generation before that. It is said that the deficit is abnormal because there are the lag and the terminal charges in the army estimates which will not recur next year. I am afraid some terminal charges will not be over by 1924-25 though we hope the lag will be entirely over. But as I have pointed out in another place more than once, over 2 crores of the reduction in the army estimates this year represent a non-recurring reduction of stores. That reduction does not recur. Next year we shall have to find some means of effecting reductions in other directions to keep that particular bit of reduction in our hands. The same is true in some of the civil estimates. There is a cut of 3 crores in the programme Renewals expenditure, the expenditure for keeping the rail roads in repair, so as to keep them in proper condition and prevent depreciation. That is not a normal cut. That is not a recurring saving of 3 crores. The same line of argument that there is no real deficit this year is one on which the suggestion that we should transfer to capital certain charges which are at present charged to revenue has been based. Now that has been dealt with from time to time rather fully, but I must repeat here that there are certain charges in the Railway Budget which represent repayments of capital in the sense that they represent a reduction of our capital liability in respect of annuities. But that is the only provision in the Railway Budget for writing off railway debt, for reserve,—for depreciation in general. We cannot have an asset such as the Railways and regard it as certainly a valuable asset a hundred years hence. We may all then be flying about with our own wings. What will be the value of the railways? You must make some reasonable provision for writing down your expenditure.

THE HONOURABLE MR. LALUBHAI SAMALDAS: Have a sinking fund.

THE HONOURABLE SIR BASIL BLACKETT: That is exactly what I am advocating and that sinking fund must be charged to revenue.

THE HONOURABLE MR. LALUBHAI SAMALDAS: That will be later on but at present it must go to capital.

THE HONOURABLE SIR BASIL BLACKETT: That is not the case now. Such as it is, it is charged to revenue. Then, there are two crores of expenditure on New Delhi which has to be shown on the other side.

THE HONOURABLE MR. LALUBHAI SAMALDAS: For which we are not responsible.

THE HONOURABLE SIR BASIL BLACKETT: I do not say who is responsible. All I say is that I have not suggested in the Budget